WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

NASHVILLE CITY CENTER 511 Union Street, Suite 2100 Post Office Box 198966 Nashville, Tennessee 37219-8966

WALLER LANSDEN DORTCH & DAVIS, LLP Affiliated with the Professional Limited Liability Company 520 South Grand Avenue, Suite 800 Los Angeles, California 90071 (213) 362-3680

> D. Billye Sanders (615) 850-8951 bsanders@wallerlaw.com

(615) 244-6380 FAX: (615) 244-6804 www.wallerlaw.com

WALLER LANSDEN DORTCH & DAVIS A PROFESSIONAL LIMITED LIABILITY COMPANY 809 SOUTH MAIN STREET

Post Office Box 1035

TH REGULATORY AUTHORIT COLUMBIA, TENNESSEE 38402-1035 DOCKET ROOM

April 8, 2003

VIA HAND DELIVERY

Sara Kyle, Chairman Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37219

03-00259

Re:

Joint Petition of Digital Teleport, Inc. and CenturyTel Fiber Company II, LLC for Approval of the Assignment of Assets and Authorization to Provide Telecommunications Service

Dear Chairman Kyle:

Enclosed you will find the original and thirteen copies of the abovereferenced joint Petition of Digital Teleport, Inc. ("DTI") and CenturyTel Fiber Company II, LLC ("CTF II"), along with a check for \$25.00 for the filing fee.

Exhibit G of the Petition contains confidential information that is filed We respectfully request that it be treated as confidential and not under seal. disclosed to the public.

As further explained in the Petition, the assets of DTI are being purchased by CTF II under the supervision of the United States Bankruptcy Court for the Eastern District of Missouri. Petitioners respectfully request the authority to act expeditiously to grant the authority requested in the Petition as soon as practicable, but no later than May 31, 2003 in order to complete an orderly transfer of the assets and avoid disruption of service to DTI's customers.

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

April 8, 2003 Page 2

Please contact me if you have any questions or need additional information.

Sincerely,

D. Billye Sanders

DBS/kwr Enclosures

cc: Russell

Russell Perkins, Esq. Russell M. Blau, Esq. Brett Ferenchak, Esq. Daniel Davis, Esq. Stacey W. Goff, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

JOINT PETITION OF)
DIGITAL TELEPORT, INC.)
AND) Docket No
CENTURYTEL FIBER COMPANY II, LLC	
FOR APPROVAL OF THE ASSIGNMENT OF ASSETS AND AUTHORIZATION TO PROVIDE TELECOMMUNICATIONS SERVICE))))

JOINT PETITION

Digital Teleport, Inc. ("DTI" or "Assignor") and CenturyTel Fiber Company II, LLC ("CTF II" or "Assignee") (collectively, "Petitioners"), through their undersigned counsel and pursuant to T.C.A. §65-4-113 and TRA Rule 1220.4-8-.05(2) hereby request Tennessee Regulatory Authority ("TRA" or "Authority") approval to enable the parties to consummate CTF II's acquisition of all the operating assets of DTI, as approved by the United States Bankruptcy Court for the Eastern District of Missouri. CTF II, a subsidiary of CenturyTel, Inc., is acquiring the core domestic telecommunications assets of DTI, including the Certificate and related operations of DTI in the

DTI and certain of its affiliates filed for bankruptcy on December 31, 2001 and currently operate under Chapter 11 of the U.S. Bankruptcy Code in a case before the U.S. Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court"). See Chapter 11 Case No. 01-54369-399 (Bankr. E.D. Mo.).

The acquisition was approved by the Bankruptcy Court in *In re: Digital Teleport, Inc., Order Approving Asset Purchase Agreement with CenturyTel Fiber Company II, LLC and Authorizing Sale of Assets Free and Clear of Liens, Interests, and Encumbrances; And Approving Assignment of Certain Executory Contracts and Unexpired Lease Pursuant to Sections 363 and 365 of the Bankruptcy Code, Case No. 01-54369-399 (Bankr. E.D.Mo. Feb. 13, 2003) (hereinafter, "Sale Order"). The Sale Order is attached hereto as Exhibit A.*

State of Tennessee (the "Transaction"). Among other things, the Transaction contemplates the assignment to CTF II of the Certificate of Public Convenience and Necessity to provide intrastate telecommunications services within the State of Tennessee granted to DTI by the TRA in Docket Number 98-00643 (the "Certificate") and the transfer to CTF II of customers in Tennessee to whom DTI currently provides services pursuant to that Certificate.² Therefore, Petitioners seek the authority necessary to transfer, assign or otherwise enable DTI to convey its Tennessee authorization identified herein, along with its Tennessee operations and customers, to CTF II.

Because DTI is in the process of terminating its operations through a Chapter 11 bankruptcy proceeding, and in order to complete an orderly transition and the continued provision of high quality competitive telecommunications services in Tennessee, Petitioners respectfully request that the Authority act expeditiously to grant the authority requested herein as soon as practicable, but no later than May 31, 2003. As explained below, failure to obtain the requisite approval by this date will jeopardize the continued provision of service to DTI customers as well as the transition process necessary to assure the orderly transfer of the assets and to avoid disruption of service that would otherwise occur.

I. <u>DESCRIPTION OF THE PETITIONERS</u>

A. CenturyTel Fiber Company II, LLC ("CTF II")

CenturyTel Fiber Company II, LLC is a recently formed Louisiana limited liability company with its principal business office located at 100 CenturyTel Drive, Monroe, Louisiana, 71203. Assignee's Articles of organization and Certificate of Authority to Transact Business in Tennessee are provided in Exhibits B and C, respectively. CTF II is a direct wholly owned

Following consummation of the Transaction, Assignee will evaluate the DTI business and will advise the Authority and seek any necessary approvals should it determine that changes to the business would impact the regulated assets and/or customers that it is acquiring are appropriate.

subsidiary of CenturyTel, Inc. Assignee was formed specifically in conjunction with the proposed acquisition of the core domestic telecommunications assets of DTI.

CenturyTel, Inc., the parent company of Assignee, is organized under the laws of the State of Louisiana with its principal business office located at 100 CenturyTel Drive, Monroe, Louisiana, 71203. CenturyTel, Inc. and its subsidiaries provide communications services including local, long distance, Internet access and data services to more than 3 million customers in 22 states, including Tennessee³. CenturyTel, Inc. is publicly traded on the New York Stock Exchange under the symbol "CTL" and is included in the S&P 500 Index.

For the Authority's reference, an organizational diagram of Assignee's corporate structure is attached hereto as Exhibit D.

B. Digital Teleport, Inc. ("DTI")

Digital Teleport, Inc., is a corporation organized under the laws of the State of Missouri with its principal business office located at 14567 North Outer Forty Road, Chesterfield, Missouri, 63017. DTI is a wholly owned operating subsidiary of DTI Holdings, Inc. DTI provides wholesale fiber optic transport services in secondary and tertiary Midwest markets to national and regional telecommunications carriers. The company's network spans 5,700 route miles across Arkansas, Illinois, Iowa, Kansas, Missouri, Nebraska, Oklahoma, Tennessee, Colorado, Indiana, Georgia, Alabama and Kentucky. DTI, more particularly, is authorized to provide intrastate telecommunications services to consumers located in Tennessee, pursuant to the Certificate issued by the Authority.⁴

CenturyTel is the parent of three incumbent local exchange carriers in Tennessee, i.e., CenturyTel of Adamsville, Inc., CenturyTel of Claiborne, Inc. and CenturyTel of Ooltewah-Collegedale, Inc.

Order dated, March 2, 1999 in TRA Docket No. 98-00643.

DTI Holdings, Inc., is a corporation organized under the laws of the State of Missouri with its principal business office located at 14567 North Outer Forty Road, Chesterfield, Missouri, 63017. DTI Holdings, Inc. has, together with DTI, filed for reorganization pursuant to Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Eastern District of Missouri. DTI Holdings, Inc. will be liquidated upon the closing of the sale of DTI's assets to CTF II. DTI Holdings, Inc.'s major shareholders are KLT Telecom, Inc. (approximately 84%) and Mr. Richard Weinstein (approximately 15%). KLT Telecom, Inc. is a corporation organized under the laws of the State of Missouri with its principal business office located at 10740 Nell, Suite 230, Overland Park, Kansas, 66211. KLT Telecom, Inc.'s primary holding is its interest in DTI Holdings, Inc. KLT Telecom, Inc. is a wholly-owned subsidiary of KLT Inc., which in turn is a wholly-owned investment subsidiary of Great Plains Energy Incorporated, a public utility holding company.

II. CONTACT INFORMATION

For the purposes of this Petition, contacts for the Petitioners are as follows:

Counsel for Joint Petitioners:

D. Billye Sanders, Esq.
Waller Lansden Dortch & Davis
A Professional Limited Liability Company
511 Union Street, Suite 2100
Nashville, Tennessee 37219-8966
(615) 244-6380 (Tel)
(615) 244-6804 (Fax)
and

Russell M. Blau, Esq.
Brett Ferenchak, Esq.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7835 (Tel)
(202) 295-8478 (Fax)

For Assignor:

Daniel Davis
Senior Vice President and General Counsel
Digital Teleport, Inc.
14567 North Outer Forty Road
Chesterfield, MO 63017
(314) 253-6608 (Tel)
(314) 880-1999 (Fax)

For Assignee:

Stacey W. Goff, Esq.
Vice President and Assistant General Counsel
CenturyTel, Inc.
100 CenturyTel Drive
Monroe, LA 71203
(318) 388-9539 (Tel)
(318) 388-9488 (Fax)

For purposes of other Authority inquiries, complaints, and correspondence, the contact for the Authority will be as follows after the transfer:

Craig Davis
CenturyTel Fiber Company II, LLC
401 Edwards Street, Suite 1900
Shreveport, LA 71101
Tel: (318) 629-5330
Fax: (318) 629-9324

E-mail: craig.davis@centurytel.com

For purposes of referring consumer inquiries, the contact information will be as follows after the transfer:

Craig Davis
CenturyTel Fiber Company II, LLC
401 Edwards Street, Suite 1900
Shreveport, LA 71101
Tel: (318) 629-5330 or (800) 604-6688

Constant (210) (20, 0204

Fax: (318) 629-9324

E-mail: craig.davis@centurytel.com

III. <u>DESCRIPTION OF THE TRANSACTION</u>

DTI provides wholesale fiber optic transport services in secondary and tertiary markets to national and regional communications carriers. DTI also provides Ethernet service to enterprise customers and governmental agencies in office buildings in areas adjacent to the company's metropolitan network rings. DTI purchased a nationwide network of dark fiber with plans to build a national long-haul transmission network, but was unable to obtain the funding to complete and operate such a network. As a result, DTI found it necessary to file for Chapter 11 reorganization on December 31, 2001, to facilitate an orderly withdrawal from the national long-haul business.

Pursuant to a bidding process overseen by the Bankruptcy Court, CTF II has agreed to acquire the core domestic telecommunications assets of DTI pursuant to Sections 363 and 365 of the Bankruptcy Code⁵ and will operate those assets and continue to provide services to DTI's customers in Tennessee.⁶ In order to complete the Transaction, CTF II entered into an Asset Purchase Agreement with DTI for the sale of substantially all of the assets utilized by DTI to operate its domestic telecommunications business, as well as the assignment of certain contracts and leases. In consideration for these assets, CTF II will provide the DTI bankruptcy estate \$38 million in immediately available funds upon closing of the Transaction. The Asset Purchase Agreement, and the sale of assets to CTF II, was approved by the Bankruptcy Court on February 13, 2003. The Court found that the approval of the sale to CTF II was in the best interest of DTI, its creditors, its estate, and other parties in interest.⁷

See Sale Order at Exhibit A.

An organizational chart showing the corporate relationship of CTF II and CenturyTel of Adamsville, Inc., CenturyTel of Claiborne, Inc., and CenturyTel of Ooltewah-Collegedale, Inc., CenturyTel, Inc.'s other regulated telecommunications subsidiaries operating in Tennessee, is included as part of Exhibit D.

⁷ See Sale Order (Exhibit A) at para. 8.

According to the terms of the court-approved Asset Purchase Agreement, all required regulatory approvals must be received for the assignment of assets from DTI to CTF II and the assumption by CTF II of DTI's business and operations before the Transaction can close. Failure to obtain the required regulatory approvals in a timely manner could endanger the Transaction, in which case DTI may be forced to suspend operations. Petitioners therefore respectfully request that the TRA act expeditiously to grant the authority requested herein prior to, but no later than, May 31, 2003, in order to assure the orderly transfer of the assets and the continued provision of service to DTI customers, as well as to allow for the transition process necessary to avoid disruption of service that would otherwise occur.

IV. FINANCIAL, MANAGERIAL AND TECHNICAL QUALIFICATIONS

CTF II is extremely well qualified to acquire and operate the DTI business. CTF II's parent company, CenturyTel, Inc., provides communications services including local, long distance, Internet access and data services to more than 3 million customers in 22 states. CenturyTel, Inc. is the eighth largest local exchange telephone company, based on access lines, in the United States. By the end of 2002, CenturyTel, Inc. had nearly 2,415,000 access lines in service and was providing long distance service to almost 650,000 subscribers.

CenturyTel, Inc.'s success in developing innovative products and services and in expanding its geographic reach has translated into impressive growth in recent years, and has created a company that is extremely well-qualified financially to operate and expand the DTI business. CenturyTel, Inc. is publicly traded on the New York Stock Exchange under the symbol "CTL" and is included in the S&P 500 Index. Consolidated annual revenues for CenturyTel, Inc. increased from \$1.68 billion for 2001 to approximately \$1.98 billion for 2002, with net income for 2002 of approximately \$801.6 million. Financial information demonstrating CenturyTel,

Inc.'s financial qualifications is provided in its most recent Form 10-K; a copy of the financial statements contained in the Form 10-K are attached hereto as Exhibit E.⁸ In addition, a copy of CenturyTel, Inc.'s press release announcing its operating results for the fourth quarter of 2002, as well as preliminary consolidated income statements and balance sheets for the full year 2002, are attached hereto as Exhibit F. CTF II will be capitalized through equity contributions and advances from CenturyTel, Inc. Pro forma financial statements for three years and capital expenditures budget are attached as Confidential Exhibit G. None of the revenue in the financial projections in Confidential Exhibit G is from reciprocal compensation for terminating Internet Service Provider ("ISP") traffic. As shown in the attached information, Assignee is financially qualified to operate within Tennessee.

Assignee also has the managerial and technical resources necessary to operate the DTI business in Tennessee. Members of CenturyTel, Inc.'s senior management team will be actively involved in operating CTF II to assure the continued and uninterrupted provision of service pending regulatory approvals and in assessing and, as necessary, reformulating the DTI business so that it may offer innovative and competitive telecommunications services on a more financially secure basis. The names, addresses and biographies of such senior management are provided in Exhibit H.
CenturyTel, Inc.'s management also expects to rely upon many of DTI's existing operations, management and technical personnel who are familiar with the nature of the existing operations. As a result, CTF II will be led by a well-qualified management team and will have the managerial and technical expertise and resources necessary to acquire and operate DTI's telecommunications assets in Tennessee.

A copy of the entire Form 10-K of CenturyTel, Inc. may be obtained under "SEC Filings" found at http://www.centurytel.com/index.cfm?action=Investor%20Relations&subaction=Financial%20Publications&details=SEC%20Filings

In sum, CenturyTel, Inc. and CTF II have both the management and technical experience and the financing necessary to complete the Transaction. As shown above, Assignee and its parent company are extremely well qualified financially, managerially and technically, and have the resources necessary to operate the DTI business.

V. <u>SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN</u>

CTF II will adopt the Small and Minority-Owned Telecommunications Business Participation Plan of DTI.

VI. PUBLIC INTEREST STATEMENT

Petitioners respectfully submit that the Transaction serves the public interest. In particular, Petitioners submit that (1) the Transaction will prevent a precipitous discontinuance of service to DTI customers and will be conducted in a manner that will be virtually transparent to these customers; and (2) the establishment of CTF II as a strong competitor in the telecommunications market will assure that the benefits of competition generated by DTI's presence will not be lost to consumers.

As discussed above, the orderly transition approved by the Bankruptcy Court will assure that the customers of DTI will not suffer a precipitous disruption of service as a result of DTI's financial situation. All customers of DTI receive their services pursuant to individual contracts, which will be assigned to and assumed by CTF II pursuant to the Bankruptcy Court's Sale Order, therefore customers of DTI will receive the same rates and services during the transition to CTF II. All customers were provided with notice, sent via first class mail on January 24, 2003, of the Transaction and the proposed assumption and assignment of contracts to CTF II and given assurances regarding the continued provision of DTI services. A copy of that notice is attached hereto as Exhibit I. Pursuant to order of the Bankruptcy Court, the notice provided that any

objections to the transfer were to be served on DTI's counsel by February 6, 2003. DTI has received no objections from its Tennessee customers. Because all of DTI's customers are telecommunications carriers, government agencies, or large enterprises purchasing dedicated services under contract, traditional consumer slamming concerns are not applicable. Petitioners therefore request that the Authority find that their transition procedures are consistent with the intent of TRA Rule 1220-4-.2-.56(d) and that the Petitioners notice to customers is sufficient and grant a waiver of any provisions of the TRA's slamming rules as necessary. CTF II will file with the Authority a surety bond or letter of credit pursuant to T.C.A. § 65-4-125(j).

Following consummation of the Transaction, CTF II will advise the Authority and seek any necessary approvals should it determine that changes to the business that would impact the regulated assets and/or customers that it is acquiring are appropriate. Petitioners also intend to keep customers informed of any significant changes to their services.

Failure to approve the Transaction will harm the public interest. Not only would this pose a risk of interruption of service to existing DTI customers, it would also result in the diminution of competition in Tennessee, since DTI's current financial position has impeded its ability to compete aggressively in the telecommunications market. Specifically, DTI's bankruptcy status has limited its ability to obtain and maintain the services and facilities it needs to compete for new customers and to continue providing certain services to existing customers.

Given that, absent this Transaction, DTI may not be able to continue to provide service as a result of its financial situation, Petitioners hope to receive regulatory approval by May 31, 2003. Without approval within this timeframe, Petitioners cannot guarantee that there will be no interruptions in the provision of service to DTI customers.

NOTICE OF PETITION AND ADHERENCE TO TRA RULES VII.

The Petitioners will serve notice of this Petition on incumbent local exchange carriers and the Consumer Advocate and Protection Division. (See Exhibit J).

CTF II intends to adhere to all applicable TRA policies, rules and orders.

VI. **CONCLUSION**

For the reasons stated above, Petitioners respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Petition for the assignment of DTI's operations and Certificate to CTF II. In light of the exigent circumstances and, in particular the need to ensure continuity of service to existing customers, Petitioners respectfully request expedited treatment to permit Applicants to complete the Transaction no later than May 31, 2003.

Respectfully submitted,

By:

Stacey W. Goff, Esq.

Vice President and Assistant General

Counsel

CenturyTel, Inc.

100 CenturyTel Drive

Monroe, LA 71203

(318) 388-9539 (Tel)

(318) 388-9488 (Fax)

D. Billye Sanders, Esq.

Waller Lansden Dortch & Davis

A Professional Limited Liability Company

D. Billye Sanders

511 Union Street, Suite 2100

Nashville, Tennessee 37219-8966

(615) 244-6380 (Tel)

(615) 244-6804 (Fax)

Russell M. Blau, Esq.

Brett Ferenchak, Esq.

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K Street, NW, Suite 300

Washington, DC 20007-5116

(202) 424-7835 (Tel)

(202) 424-7645 (Fax)

COUNSEL FOR PETITIONERS

Dated: April 8, 2003

LIST OF EXHIBITS

Exhibit A

Sale Order approved by the Bankruptcy Court

Exhibit B

Articles of Organization of CenturyTel Fiber

Company II, LLC

Exhibit C

Authority to Transact Business

Exhibit D

Assignee's Corporate Structure

Exhibit E

Financial Statements from 2001 SEC Form 10-K of

CenturyTel, Inc.

Exhibit F

Press Release Announcing Fourth Quarter 2002

Operating Results for CenturyTel, Inc.

Exhibit G

Three Year Pro forma Financial Statements and Capital

Expenditures Budget (CONFIDENTIAL)

Exhibit H

Management Names, Addresses and Biographies

Exhibit I

Notice to Customers

Exhibit J

Notice to Incumbent Local Exchange Carriers and the

Consumer Advocate and Protection Division

Verifications

Exhibit A

Sale Order approved by the Bankruptcy Court

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF MISSOURI EASTERN DIVISION

In re:

Chapter 11 Bankruptcy

Digital Teleport, Inc.

Debtor.

Bky 01-54369-399

Hearing Date: February 13, 2003 Hearing Time: 2:00 p.m.

ORDER APPROVING ASSET PURCHASE AGREEMENT WITH CENTURYTEL FIBER COMPANY II, LLC AND AUTHORIZING SALE OF ASSETS FREE AND CLEAR OF LIENS, INTERESTS, AND ENCUMBRANCES; AND APPROVING ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES PURSUANT TO SECTIONS 363 AND 365 OF THE BANKRUPTCY CODE

This matter came before the Court on February 13, 2003 for hearing on the Motion of Digital Teleport, Inc. (the "Debtor") For Entry of an Order: (A) Authorizing Sale of Assets Free and Clear of Liens, Claims, and Encumbrances, and (B) Authorizing Assumption and Assignment of Leases and Executory Contracts to CenturyTel Fiber Company II, LLC, an affiliate of CenturyTel, Inc. or Such Higher and Better Bidder as May Be Presented (the "Sale Motion"). Appearances as noted in the record.

At a previous hearing held by this Court on January 21, 2003, the Court issued an Order Approving Bid Procedures and Break-Up Fee (the "Procedure Order"). The assets to be sold (the "Assets") are described in detail in the Asset Purchase Agreement between Debtor and CenturyTel Fiber Company II, LLC as the prevailing bidder (the "Purchaser") filed with the Court as an exhibit hereto (the "Asset Purchase Agreement"), which is substantially the same form as was attached as an exhibit to the Sale Motion.

Due notice of the proposed sale and each of the hearings (as described herein) have been given, as evidenced by the certificates of service filed with this Court, to all creditors, employees and interestholders; all parties in interest having been heard, or having had the opportunity to be heard; the Court has heard testimony and received evidence in support of approval of the sale of assets; and upon such testimony, the motions, all prior proceedings held in the Debtor's case, the arguments of counsel and the record of the hearings on the motions held before this Court, the relief herein is granted. Any and all objections to the sale transaction or to the assumption and assignment of certain executory contracts or unexpired leases or the asserted cure amounts related thereto have either been settled or have been resolved as set forth in the record at the sale hearing; and

The Court having ruled that this Court has jurisdiction to hear and determine the Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334; venue of this proceeding in this district being proper pursuant to 28 U.S.C. § 1409(a); the Sale Motion constituting a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (N); and the statutory predicates for the relief requested herein being Section 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004; and after due deliberation and sufficient cause appearing therefor;

THE COURT HEREBY FINDS in addition to the Court's findings of fact and conclusions of law set forth on the record at the hearings, which shall be incorporated herein by reference, that:

- 1. The Debtor has followed in good faith the procedures for notice and sale of the Assets set forth in the Procedure Order.
- 2. Proper, timely, adequate and sufficient notice of the Sale Motion, the hearings and the auction scheduled herein for sale of the Assets has been provided in accordance with

- Minner

Section 102(1) of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 2002 and 6004, and the Procedures Order.

- 3. No other or further notice of the Sale Motion, of the hearings or of the entry of this Order is necessary. All requirements of Bankruptcy Code § 363(b) and (f), § 365 and any other applicable law relating to the sale of the Assets contemplated by the Asset Purchase Agreement have been satisfied. The defined terms used but not otherwise defined herein shall have the meaning set forth in the Asset Purchase Agreement.
- 4. The sale process was conducted in good faith pursuant to the terms of the Procedure Order. The Debtor has marketed its assets over the course of the past 12 months and has given approximately 40 days notice of this sale hearing to potential rival bidders. Potential rival bidders were given an adequate period to submit qualified bids and no parties submitted a rival bid or appeared at the February 10, 2003 auction.
- 5. A reasonable opportunity to object or be heard regarding the requested relief has been afforded to all interested persons and entities, including (a) all parties who claim an interest in or liens upon the Assets; (b) all government taxing authorities who have, or as a result of the sale of assets may have, claims, contingent or otherwise, against the Debtor; (c) all parties to executory contracts or unexpired leases with the Debtor which are currently in effect; and (d) employees of the Debtor.
- 6. The Debtor is authorized by this Order, and therefore has full power and authority, to consummate the transactions contemplated by the Asset Purchase Agreement without further corporate authorization and Paul Pierron, Daniel Davis, Andrew Whipple or any persons authorized by them to sign a document on behalf of the Debtor are authorized signatories to bind the Debtor.

- 7. Sufficient business justification exists for the sale of the Assets pursuant to Section 363(b) of the Bankruptcy Code outside of a plan of reorganization, and the Debtor has satisfied the standards of *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983), in that, among other things:
 - a. A sale should be accomplished to lock in the value of the business and provide a source of liquidity to fund distributions to creditors and avoid damage to the prospects of the business through it remaining in Chapter 11. The major creditors constituencies of the Debtor support this sale.
 - b. Several material customers have indicated that they are withholding certain orders during the pendency of Chapter 11 and would like to see the business on financially stronger and better capitalized footing.
 - c. Efforts to fund a stand-alone plan of reorganization have been difficult in this market and such a plan will not provide as much liquidity for creditors as an asset sale.
 - d. Certain regulatory approvals are necessary for a sale to close and it is desirable to get a sale approved promptly so that the regulatory approval process can begin. CenturyTel is not willing to expend the time and expense of pursuing regulatory approvals until it knows that its bid is approved.
 - e. Claims against the Debtor's estate will be minimized as a result of the prompt consummation of a sale of Assets. The Purchaser will be assuming certain liabilities of the Debtor as set forth in Section 2.1(c) of the Asset Purchase Agreement. To the extent the Purchaser assumes such liabilities, the holders of such claims will have no further recourse against the Debtor or its estate and the right of the holders of such claims to pursue the Debtor or the estate for liability arising from such liabilities will be extinguished. Further, there will be no rejection damage claims with respect to the Contracts & Leases which are assumed and assigned to Purchaser.
 - 8. The Asset Purchase Agreement represents the highest and best offer for the Assets, the purchase price is fair and reasonable, and the sale of the Assets at this time is in the best interest of the Debtor, its creditors and its estate. Without limiting the foregoing, the purchase price to be paid by the Purchaser constitutes full and adequate consideration and reasonably equivalent value for the Assets.

- 9. The aggregate sale price of all Assets either (i) exceeds the aggregate amount of the applicable liens on the Assets, (ii) the holders of interests could be compelled to accept money satisfaction of such interests, or (iii) the holders of interests consent to the sale pursuant to Section 363(f). KLT Telecom, Inc. has consented to the sale. All parties who submitted objections to the sale based on alleged secured claims are protected because to the extent their secured claims were timely and properly asserted in these cases, those liens will attach to the sale proceeds in the priority and to the extent of the value of their secured claim in the applicable collateral if included as part of the Assets.
- 10. The Assets being acquired by Purchaser shall be free of any claims or cause of action (a) by any party under a right or option to effect any transfer, assignment, license, forfeiture, modification, rights of first refusal, or termination of the Debtor's or any purchaser's interest in the Assets or any similar rights and (b) relating to taxes under or out of, in connection with, or in any way related to the operations of the Debtor's business prior to the Closing Date and the transfer of the Assets. Purchaser is acquiring all of its rights or title of the Debtors in and to the Assets free and clear of all liens, claims, interests, charges, equities, restrictions, security interests, encumbrances or the like under Section 363 and other applicable sections of the Bankruptcy Code and such acquisition shall not subject Purchaser and its affiliates to any liability whatsoever not expressly assumed with respect to the operation of the Debtor's business prior to the Closing Date under any theory of law or equity (including, without limitation, under any theory of successor or transferee liability whatsoever), other than Assumed Liabilities.
- 11. The Asset Purchase Agreement was negotiated, proposed and entered into in good faith, from arm's length bargaining positions, by the parties. Purchaser is a good faith purchaser for all purposes pursuant to Section 363(m) of the Bankruptcy Code. Neither the Purchaser nor

the Seller engaged in any conduct that would cause or permit the Asset Purchase Agreement to be avoided pursuant to Bankruptcy Code § 363(n).

- & Leases as set forth in the notice given to the Procedure Order or as determined in a final order of this Court based on a timely objection to the proposed cure amount under the Procedure Order. A chart summarizing all cure or assumption objections received and their resolution or status is attached hereto and incorporated herein. Any other or greater claims for Cure Costs shall be barred and cannot be asserted against the Debtor or the Purchaser. Any other closing costs shall be paid in accordance with the Asset Purchase Agreement. Purchaser has demonstrated reasonable assurance of future performance. Section 365 and the procedures in the Procedure Order related to assignments of Contracts & Leases have been complied with. All of the Contracts & Leases remain in effect and are assignable. Any counterparty not timely objecting to assignment shall be deemed to have consented to assignment.
- 13. Section 1146(c) of the Bankruptcy Code is applicable to the transactions proposed herein. Consequently, the Debtor is authorized to consummate the transactions contemplated hereby and to convey the Assets, without the payment of any stamp or other similar tax that may be applicable to the conveyance of Assets pursuant to the Transaction Documents.

IT IS THEREFORE ORDERED AND ADJUDGED THAT:

- A. To the extent not previously approved, the Sale Motion is hereby granted in all respects, except to the extent specifically set forth in this Order, and all objections, to the extent not settled or withdrawn, are overruled.
 - B. The Asset Purchase Agreement is hereby approved.

- C. The Debtor is authorized and empowered to fully perform under, consummate and implement the Asset Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement, and to take all further actions as may reasonably be requested by Purchaser for the purpose of assigning, transferring, granting, conveying and conferring to Purchaser, or reducing to possession, any or all of the Assets, or as may be otherwise necessary or appropriate to the performance of the obligations as contemplated by the Asset Purchase Agreement (collectively, the "Transaction Documents").
- D. Pursuant to Section 363(f) of the Bankruptcy Code, the Assets shall be sold and transferred to Purchaser, and upon the closing, sale and transfer of Assets as provided under the Asset Purchase Agreement, the Assets shall be free and clear of all interests, including liens, claims, interests and encumbrances of any nature arising or accruing prior to or on the closing date of the Asset Purchase Agreement, and whether imposed by agreement, understanding, law, equity or otherwise, with all such interests to attach to the net proceeds in the order of their priority with the same validity, force and effect which they now have as against the Assets.
- E. Nothing contained in any Chapter 11 plan confirmed in this case or the order of confirmation confirming any Chapter 11 plan shall conflict with or derogate from the provisions of the Asset Purchase Agreement or the terms of this Order.
- F. The terms and provisions of the Asset Purchase Agreement, together with the terms and provisions of this order shall be binding in all respects upon, and shall inure to the benefits of the Debtor, its estate, its creditors and shareholders, Purchaser, and their respective successors and assigns, and any affected third parties including but not limited to all non-Debtor parties to all unexpired leases or executory contracts to be assigned to Purchaser pursuant to the

Asset Purchase Agreement and persons asserting a claim against or interest in the Debtor's estate or any of the Assets to be sold to Purchaser pursuant to the Asset Purchase Agreement, notwithstanding any subsequent appointment of any trustee for the Debtor under any chapter of Title 11 of the United States Code, as to which trustee such terms and provisions likewise shall be binding in all respects.

- G. Purchaser, having been found to be a purchaser in good faith, is entitled to the protections of Section 363(m) of the Bankruptcy Code, accordingly, the reversal or modification on appeal of this Order and the authorization to consummate the transactions provided herein shall not affect the validity of any transfer under the Purchase Agreement and this Order to Buyer, unless such transfer is duly stayed pending such appeal. The Asset Purchase Agreement is the product of substantial and good faith negotiations that were conducted at arm's length and without collusion.
- H. The failure specifically to include any particular provisions of the Asset Purchase Agreement in this order shall not diminish or impair the efficacy of such provision, it being the intent of the Court that the Asset Purchase Agreement be authorized and approved in its entirety, except as expressly modified herein.
- I. The Contracts & Leases identified in the Asset Purchase Agreement, including those identified through the Closing Date may be assumed and assigned to Purchaser pursuant to Section 365 of the Bankruptcy Code and the Procedures Order. A complete list of the Contracts & Leases identified as of this hearing date has been provided to CenturyTel, KLT and the Committee. To the extent of any changes, additions or deletions between the schedule as attached to the Asset Purchase Agreement and the schedule as provided to CenturyTel, KLT and

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the Committee, that schedule will prevail and shall be deemed to modify and supercede the original schedule to the Asset Purchase Agreement in all respects.

- J. All entities who are presently, or as of the Closing (the "Closing Date") may be, in possession of any of the Assets, are hereby directed to surrender possession of the Assets to the Purchaser on the Closing Date and allow Purchaser to retrieve such assets.
- K. The sale of the Assets pursuant to the Tranaction Documents, and any transfer or assignment relating thereto, shall be exempt from any transfer tax, stamp tax or other similar tax pursuant to § 1146(c) of the Bankruptcy Code.
- L. All creditors and other persons, entities and other parties are authorized and directed to execute and deliver to Purchaser such documents or instruments as may be reasonably required by the Debtor or Purchaser (without material cost or expense to such creditors) for the purposes of canceling or discharging of record any claim or lien on any of the Assets that are sold. All applicable governmental entities are directed to recognize the transfer of the Assets free and clear to the applicable purchaser in the public records and to accept and record filings reflecting the same.
- M. The Court retains jurisdiction (i) to enforce and implement the terms and provisions of the Transaction Documents, any amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith, (ii) to prevent any party from pursuing Purchaser or its affiliates for liabilities or obligation related to the Debtor (which Purchaser and its affiliates may also enforce in any other court of competent jurisdiction) and (iii) to interpret, implement and enforce the provisions of this Order.
- N. The Transaction Documents and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance

with the terms thereof, in consultation with the Committee and KLT, without further order of the Court, provided that any such modification, amendment or supplement does not represent a material change to the sales transaction approved hereby.

O. With respect to Union Electric Co., d/b/a Ameren UE ("Ameren"), the assumption and assignment of the Amended and Restated Agreement for the Provision of Digital Transport Services ("Agreement for Provision") and the Amended and Restated Network Services Agreement, both as referenced in and/or amended by the court approved Settlement Agreement between the DTI and Ameren, and the court approved modification thereto, at closing of DTI's sale of assets are hereby authorized provided that prior to closing: (a) DTI takes all steps necessary to complete the "Grant of Title" and remove the "other customer traffic" from Ameren's Network, as required by Sections 1 and 2 of the Agreement for Provision, as amended and modified pursuant to court order; or (b) Buyer provides to Ameren adequate assurance that the obligations under sections 1 and 2 of the Agreement for Provision due from DTI will be completed within a reasonable time.

Dated: February 13, 2003

BARRY. S. SCHERMER

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Articles of Organization of CenturyTel Fiber Company II, LLC



SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that

a copy of the Articles of Organization and Initial Report of

CENTURYTEL FIBER COMPANY II, LLC

Domiciled at MONROE, LOUISIANA,

Was filed and recorded in this Office on October 25, 2002,

And all fees having been paid as required by law, the limited liability company is authorized to transact business in this State, subject to the restrictions imposed by law, including the provisions of R.S. Title 12, Chapter 22.

In lestimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

October 25, 2002

MBE 35363104K

Secretary of State



W. Fox McKeithen Secretary of State



ARTICLES OF ORGANIZATION

(R.S. 12:1301)

Domestic Limited Liability Company Enclose \$60.00 filing fee Make remittance payable to Secretary of State Do not send cash

Return to: Commercial Division

P. O. Box 94125

Baton Rouge, LA 70804-9125

Phone (225) 925-4704

Web Site: www.sec.state.la.us

STATE OF Louisian	Check one: (x) Business () Nonprofit
PARISH/COUNTY	OF Ouachita
	Hishiling company is: Continued Fiber Company II, LLC
	s limited liability company is: CenturyTel Fiber Company II, LLC
2. This company i	is formed for the purpose of: (check one)
(x) Engaging in	n any lawful activity for which limited liability companies may be formed.
()	(use for limiting activity)
3. The duration of	f this limited liability company is: (may be perpetual) Perpenual
4. Other provision	ns:
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365 Rev 1/01 LAGIT - DECAVEL CT Symbon Online

(See instructions on back)

W. Fox McKeithen Secretary of State



LIMITED LIABILITY COMPANY INITIAL REPORT (R.S. 12:1305 (E))

The location and municipal address, not a post office box only, of this limited liability company's registered office: 100 CenturyTel Drive, Monroe, LA 71203 The full name and municipal address, not a post office box only, of each of this limited liability company registered agent(s) is/are: C T Corporation System 8550 United Plaza Boulevard, Baton Rouge, LA 70809 The names and municipal addresses, not a post office box only, of the first managers, or the members See attached list: To be signed by each person who signed the articles of organization Stace, W. Goff, Vice President AGENT'S AFFIDAVIT AND ACKNOWLEDGEMENT OF ACCEPTANCE hereby acknowledge and accept the appointment of registered agent for and on behalf of the above named limited liability company. Registered agent(s) signatore(s): SIONES NOTARY PUBLIC State of Texas Nichael E. Jones Assistant Secretary	To be signed by each person who signed the articles of organization of the signed displication of the signed displaced		TIC
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Limited Liability Company Initial Report CenturyTel Fiber Company II, LLC

(4) First Members and Managers

Sole Member:

CenturyTel, Inc.

Manger/Officers:

Glen F. Post, III – Chief Executive Officer
Karen A. Puckett – President & Chief Operating Officer
Harvey P. Perry – Executive Vice President
R. Stewart Ewing, Jr. – Executive Vice President & Treasurer
David D. Cole – Senior Vice President
Michael E. Maslowski – Senior Vice President
G. Clay Bailey – Vice President & Treasurer
Neil A. Sweasy – Vice President & Controller
Stacey W. Goff – Vice President, Assistant General Counsel & Assistant Secretary
Kay C. Buchart – Secretary

Exhibit C

Authority to Transact Business in the State of Tennessee

Secretary of State Division of Business Services 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, Tennessee 37243

DATE: 03/10/03 REQUEST NUMBER: 4747-1712 TELEPHONE CONTACT: (615) 741-2286 FILE DATE/TIME: 03/07/03 1244 EFFECTIVE DATE/TIME: 03/07/03 1244 CONTROL NUMBER: 0443123

TO: CFS 8161 HWY 100 172 NASHVILLE, TN 37221

RE:
CENTURYTEL FIBER COMPANY II, LLC
APPLICATION FOR CERTIFICATE OF AUTHORITY LIMITED LIABILITY COMPANY

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED LIMITED LIABILITY COMPANY CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY - LIMITED LIABILITY COMPANY

FROM: CFS 8161 HIGHWAY 100 #172 NASHVILLE, TN 37221-0000



Pely & Darnell

RILEY C. DARNELL SECRETARY OF STATE

Secretary of State Division of Business Services 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, Tennessee 37243

DATE: 03/10/03 REQUEST NUMBER: 4747-1712 TELEPHONE CONTACT: (615) 741-0537

CONTROL NUMBER: 0443123

CENTURYTEL FIBER COMPANY II, LLC

ACCOUNT	RECEIPT	DATE	FEE	
NUMBER	NUMBER	RECEIVED	AMOUNTS	
00101230	00003235023	03/10/03	\$250.00	\$0.00
000000022	00003235021	03/10/03	\$50.00	\$0.00

TOTAL PAYMENTS:

\$300.00



Rely C Darnell

RILEY C. DARNELL SECRETARY OF STATE

state of Tennessee

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Bepartment of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR CERTIFICATE OF AUTHORITY



For Office Use Only

To the Secretary of State of the State of Tennessee:

	Pursuant to the provisions of § 48-246-301 of the Tennessee Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:	/
	1. The name of the Limited Liability Company is: CenturyTel Fiber Company II, LLC	_
	If different, the name under which the certificate of authority is to be obtained is:	
	NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of § 48-207-101 of the Tennessee Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to § 48-207-101(d).	
: :	2. The state or country under whose law it is formed is: Louisiana	
	3. The date of its organization is: 10/25/2002 (must be month, day and year)	
	4. The complete street address (including zip code) of its principal office is:	
	100 CenturyTel Drive, Monroe, LA 71203 Street City/State Zip Code	
	5. The complete street address (including the county and the zip code) of its registered office in Tennessee:	-
	c/o C T Corporation System, 530 Gay Street, Knoxville, Tennesse, Knox County, 37902 Street City/State County Zip Code	
	The name of its registered agent at that office is: C T Corporation System	
	6. The number of members at the date of filing one	_
	7. If the limited liability company commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) <u>Upon Qualification</u> .	
	NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under whose law it is organized. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.	
	March 4, 2003 Signature Date Manager Signer's Capacity CenturyTel Fiber Company II, LLC Name of Limited Liability Company Xay Muchat Signature Kay Buchart	
S	Name (typed or printed) S-4233 (Rev. 7/00) RDA 2458	

TN063 - 1/24/02 C T Filing Manager Online



SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that

CENTURYTEL FIBER COMPANY II, LLC

A LOUISIANA limited liability company domiciled at MONROE,

Filed charter and qualified to do business in this State on October 25, 2002,

I further certify that the records of this Office indicate the company has paid all fees due the Secretary of State, and so far as the Office of the Secretary of State is concerned, is in good standing and is authorized to do business in this State.

I further certify that this certificate is not intended to reflect the financial condition of this company since this information is not available from the records of this Office.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

March 5, 2003

BRI 35363104K

Secretary of State



Exhibit D

Assignee's Corporate Structure

Exhibit E

Financial Statements from 2001 SEC Form 10-K of CenturyTel, Inc.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2001

or

[] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-7784

CENTURYTEL, INC.

(Exact name of Registrant as specified in its charter)

Louisiana

(State or other jurisdiction of incorporation or organization)

72-0651161 (IRS Employer Identification No.)

100 CenturyTel Drive, Monroe, Louisiana (Address of principal executive offices)

71203 (Zip Code)

Registrant's telephone number, including area code - (318) 388-9000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$1.00

Preference Share Purchase Rights

New York Stock Exchange Berlin Stock Exchange New York Stock Exchange Berlin Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

As of February 28, 2002, the aggregate market value of voting stock held by non-affiliates (affiliates being for these purposes only directors, executive officers and holders of more than five percent of the Company's outstanding voting securities) was \$4.7 billion. As of February 28, 2002, there were 141,299,473 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Proxy Statement prepared in connection with the 2002 annual meeting of shareholders are incorporated in Part III of this Report.

CENTURYTEL, INC. Consolidated Statements of Income

	Year ended December 31,			
	······································	2001	2000	1999
		(Dollar	s, except per sha	ire amounts,
		ar	id shares in thou	sands)
OPERATING REVENUES				
Telephone	\$	1,505,733	1 252 060	
Wireless	Φ	437,965	1,253,969	1,126,112
Other		173,771	443,569	422,269
Total operating revenues		2,117,469	148,388 1,845,926	128,288 1,676,669
OPERATING EXPENSES			· · · · · · · · · · · · · · · · · · ·	2,070,009
Cost of sales and operating expenses		1.006.166		
Depreciation and amortization		1,086,166	932,457	819,784
Total operating expenses		473,384	388,056	348,816
Total operating expenses	·	1,559,550	1,320,513	1,168,600
OPERATING INCOME				
OI BIGITING INCOME		557,919	525,413	508,069
OTHER INCOME (EXPENSE)				
Nonrecurring gains and losses, net		199,971	20,593	(2.000
Interest expense		(225,523)	(183,302)	62,808
Income from unconsolidated cellular entities		27,460	26,986	(150,557)
Minority interest		(11,812)	(10,201)	27,675
Other income and expense		5,041	6,696	(27,913)
Total other income (expense)		(4,863)	(139,228)	9,190
	***********	(4,003)	(139,228)	(78,797)
INCOME BEFORE INCOME TAX EXPENSE		553,056	386,185	400.050
Income tax expense		210,025	154,711	429,272
		210,023	134,711	189,503
NET INCOME	\$	343,031	231,474	220.760
BASIC EARNINGS PER SHARE	\$			239,769
		2.43	1.65	1.72
DILUTED EARNINGS PER SHARE	\$	2.41	1.63	1.70
DIVIDENDS PER COMMON SHARE	\$.20	.19	.18
AVERAGE BASIC SHARES OUTSTANDING		140,743	140,069	138,848
AVERAGE DILUTED SHARES OUTSTANDING		142,307	141,864	141,432
				7.7.

CENTURYTEL, INC. Consolidated Statements of Comprehensive Income

	Year ended December 31.			er 31.
		2001	2000	1999
			(Dollars in thousar	nds)
NET INCOME	\$	343,031	231,474	239,769
OTHER COMPREHENSIVE INCOME, NET OF TAXES Unrealized holding gains (losses) arising during period,				
net of \$5,385, (\$20,941) and \$38,473 taxes Less: reclassification adjustment for gains included		9,999	(38,891)	71,449
in net income, net of \$19,100 and \$7,702 taxes		(35,470)	-	(14,304)
Other comprehensive income, net of (\$13,715),				
(\$20,941) and \$30,771 taxes		(25,471)	(38,891)	57,145

CENTURYTEL, INC. Consolidated Balance Sheets

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370,304
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548,460
057,493
393,290
149,962
276,000
127,287
33,859
40,023
52,011
23,349
40,879
43,370
50,292
67,549
07,545
40,667
09,840
25,471
51,626
(3,500)
7,975
32,079
93,290

CENTURYTEL, INC.Consolidated Statements of Cash Flows

	··········	2001	ear ended Dece 2000	1999
			(Dollars in thou	sands)
OPERATING ACTIVITIES				
Net income		\$ 343,031		
Adjustments to reconcile net income to net		\$ 343,031	231,474	239,769
cash provided by operating activities				
Depreciation and amortization		472 204		
Income from unconsolidated cellular entities		473,384	388,056	348,816
Minority interest		(27,460)	(26,986)	(27,675
Deferred income taxes		11,812	10,201	27,913
Nonrecurring gains and losses, net		56,645	41,820	(17,139
Changes in current assets and current liabilities		(199,971)	(20,593)	(62,808
Accounts receivable		52.051		
Accounts payable		53,071	(82,252)	(15,181
Accrued taxes		(39,848)	48,653	(11,469)
Other current assets and other current		2,688	(967)	(59,571)
liabilities, net		00.017		
Increase in noncurrent assets		20,916	3,605	(1,354)
Increase (decrease) in other noncurrent liabilities		(65,698)	(46,026)	(30,375)
Other, net		6,656	4,087	(5,311)
Net cash provided by operating activities		30,136	11,394	23,087
provided by operating activities		665,362	562,466	408,702
NVESTING ACTIVITIES				
Acquisitions, net of cash acquired		(47.101)		
Payments for property, plant and equipment		(47,131)	(1,540,856)	(20,972)
Proceeds from sale of assets		(506,727)	(449,537)	(389,980)
Collection of note receivable		166,245	29,495	484,467
Distributions from unconsolidated cellular entities		86,502	-	-
Contribution from minority investor		30,856	35,842	22,219
Purchase of life insurance investment, net		-	20,000	-
Other, net		(1,086)	(5,753)	(2,545)
Net cash provided by (used in) investing activities		(4,325)	(3,267)	(23,416)
greated by (used in) investing activities		(275,666)	(1,914,076)	69,773
NANCING ACTIVITIES				
Proceeds from issuance of debt				
Payments of debt		3,896	2,715,852	15,533
Payment of deferred hedge contracts		(379,516)	(1,375,895)	(438,399)
Proceeds from issuance of common stock			(4,345)	
Payment of debt issuance costs		7,351	7,996	19,182
Cash dividends		-	(4,274)	
Other, net		(28,653)	(26,815)	(25,413)
Net cash provided by (used in) financing activities		1,549	1,490	1,520
provided by (used in) illiancing activities		(395,373)	1,314,009	(427,577)
t increase (decrease) in cash and cash equivalents				
sh and cash equivalents at beginning of year		(5,677)	(37,601)	50,898
		19,039	56,640	5,742
SH AND CASH EQUIVALENTS AT END OF YEAR	_			-
TO THE TEAM OF YEAR	\$	13,362	19,039	56,640

CENTURYTEL, INC.Consolidated Statements of Stockholders' Equity

		Ye	ar ended Decen	nber 31.
		2001	2000	1999
COMMON STOCK		(Dolla	rs and shares in	thousands)
	_			
Balance at beginning of year Conversion of convertible securities into common stock	\$		139,946	138,083
Issuance of common stock through dividend		254	254	330
reinvestment, incentive and benefit plans				
Balance at end of year		312	467	1,533
Balance at end of year		141,233	140,667	139,946
PAID-IN CAPITAL				
Balance at beginning of year		509,840	402 423	451 505
Conversion of convertible securities into common stock		3,046	493,432	451,535
Issuance of common stock through dividend		3,040	3,046	3,101
reinvestment, incentive and benefit plans		7.020	7 530	
Amortization of unearned compensation and other		7,039	7,529 5,833	17,649
Balance at end of year		4,743 524.668	5,833	21,147
	·	324.008	509,840	493,432
UNREALIZED HOLDING GAIN ON INVESTMENTS, NET OF TAX	ŒS			
Balance at beginning of year	11.70	25,471	64,362	7217
Change in unrealized holding gain on investments, net of taxes		(25,471)	(38,891)	7,217 57,145
Balance at end of year	·····	(=5,1,1)	25,471	64,362
				04,302
RETAINED EARNINGS				
Balance at beginning of year		1,351,626	1,146,967	932,611
Net income		343,031	231,474	239,769
Cash dividends declared			,	237,707
Common stock - \$.20, \$.19 and \$.18 per share		(28,254)	(26,416)	(25,010)
Preferred stock		(399)	(399)	(403)
Balance at end of year		1,666,004	1,351,626	1,146,967
AD IE AD IED PRODUCTION				
UNEARNED ESOP SHARES				
Balance at beginning of year		(3,500)	(4,690)	(6,070)
Release of ESOP shares		1.000	1,190	1,380
Balance at end of year		(2,500)	(3,500)	(4,690)
PREFERRED STOCK - NON-REDEEMABLE				
Balance at beginning of year				
Conversion of preferred stock into common stock		7,975	7,975	8,106
Balance at end of year				(131)
Definite at Clid of year		7,975	7,975	7,975
TOTAL STOCKHOLDERS' EQUITY	\$	2 227 200	2.022.070	
	Ф.	2,337,380	2,032,079	1,847.992
COMMON SHARES OUTSTANDING				
Balance at beginning of year		140,667	139,946	138,083
Conversion of convertible securities into common stock		254	254	,
Issuance of common stock through dividend		4 .74	234	330
reinvestment, incentive and benefit plans		312	467	1,533
Balance at end of year		141.233	140,667	139,946
			* 10,007	137,740

CENTURYTEL, INC.

Notes to Consolidated Financial Statements December 31, 2001

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation - The consolidated financial statements of CenturyTel, Inc. and its subsidiaries (the "Company") include the accounts of CenturyTel, Inc. ("CenturyTel") and its majority-owned subsidiaries and partnerships. The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation." Investments in cellular entities where the Company does not own a majority interest are accounted for using the equity method of accounting.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition - Revenues are generally recognized and earned when evidence of an arrangement exists, service has been rendered, the selling price is determinable and collectibility is reasonably assured. Certain of the Company's telephone subsidiaries participate in revenue sharing arrangements with other telephone companies for interstate revenue and for certain intrastate revenue. Such sharing arrangements are funded by toll revenue and/or access charges within state jurisdictions and by access charges in the interstate market. Revenues earned through the various sharing arrangements are initially recorded based on the Company's estimates.

Property, plant and equipment - Telephone plant is stated substantially at original cost. Normal retirements of telephone plant are charged against accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. Renewals and betterments of plant and equipment are capitalized while repairs, as well as renewals of minor items, are charged to operating expense. Depreciation of telephone plant is provided on the straight line method using class or overall group rates acceptable to regulatory authorities; such rates range from 1.8% to 25%.

Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized.

Depreciation of such property is provided on the straight line method over estimated service lives ranging from three to 30 years.

Long-lived assets – Through December 31, 2001, in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of" ("SFAS 121"), the carrying value of long-lived assets, including property, plant and equipment and allocated goodwill, was reviewed for impairment at least annually, or whenever events or changes in circumstances indicated that such carrying value was not recoverable, by assessing the recoverability of such carrying value through estimated undiscounted future net cash flows expected to be generated by the assets or the acquired business. Through December 31, 2001, substantially all of the Company's goodwill was being amortized over 40 years. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), effective January 1, 2002, goodwill will no longer be subject to amortization but instead will be tested for impairment at least annually. Effective January 1, 2002, Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets" ("SFAS 144"), addresses financial accounting and reporting for the impairment or disposal of long-lived assets, excluding goodwill. SFAS 144 retains the fundamental recognition and measurement provisions of SFAS 121.

Affiliated transactions - Certain service subsidiaries of CenturyTel provide installation and maintenance services, materials and supplies, and managerial, operational, technical, accounting and administrative services to subsidiaries. In addition, CenturyTel provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. These transactions are recorded by the Company's telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of CenturyTel and its subsidiaries. Intercompany profit on transactions with nonregulated affiliates has been eliminated.

Income taxes - CenturyTel files a consolidated federal income tax return with its eligible subsidiaries. The Company uses the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are established for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Investment tax credits related to telephone plant have been deferred and are being amortized as a reduction of federal income tax expense over the estimated useful lives of the assets giving rise to the credits.

Derivative financial instruments – Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 requires all derivative instruments be recognized as either assets or liabilities at fair value on the balance sheet. The Company had no derivative instruments outstanding at January 1, 2001 and thus

no transition adjustment was recorded upon adoption of SFAS 133. As of December 31, 2001, the Company had outstanding an interest rate swap relating to \$191.1 million of its floating rate debt designed to eliminate the variability of cash flows in the payment of interest related to such debt. The swap expires in August 2002. The Company realizes a fixed effective rate of 4.845% and receives or makes settlement payments based upon the three-month London InterBank Offered Rate, with settlement and rate reset dates at three-month intervals through the expiration date. The Company does not utilize derivative financial instruments for trading or other speculative purposes.

Earnings per share - Basic earnings per share amounts are determined on the basis of the weighted average number of common shares outstanding during the year. Diluted earnings per share gives effect to all potential dilutive common shares that were outstanding during the period.

Stock compensation - The Company accounts for employee stock compensation plans using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation."

Cash equivalents - The Company considers short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Reclassifications - Certain amounts previously reported for prior years have been reclassified to conform with the 2001 presentation.

(2) ACQUISITIONS

On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon Communications, Inc. ("Verizon") in four separate transactions for approximately \$1.5 billion in cash. Under these transactions:

- On July 31, 2000, the Company purchased approximately 231,000 telephone access lines and related local exchange assets comprising 106 exchanges throughout Arkansas for approximately \$842 million in cash.
- On July 31, 2000, Spectra Communications Group, LLC ("Spectra") purchased approximately
 127,000 telephone access lines and related local exchange assets comprising 107 exchanges throughout
 Missouri for approximately \$297 million cash. As of December 31, 2001, the Company owns 75.7% of
 Spectra, which was organized to acquire and operate these Missouri properties. At closing, the Company

made a preferred equity investment in Spectra of approximately \$55 million (which represented a 57.1% interest) and financed substantially all of the remainder of the purchase price. In the first quarter of 2001, the Company purchased an additional 18.6% interest in Spectra for \$47.1 million.

- On September 29, 2000, the Company purchased approximately 70,500 telephone access lines and related local exchange assets comprising 42 exchanges throughout Wisconsin for approximately \$197 million in cash.
- On September 29, 2000, Telephone USA of Wisconsin, LLC ("TelUSA") purchased approximately 62,900 telephone access lines and related local exchange assets comprising 35 exchanges throughout Wisconsin for approximately \$172 million in cash. The Company owns 89% of TelUSA, which was organized to acquire and operate these Wisconsin properties. At closing, the Company made an equity investment in TelUSA of approximately \$37.8 million and financed substantially all of the remainder of the purchase price.

To finance these acquisitions on a short-term basis, the Company borrowed \$1.157 billion on a floating-rate basis under its \$1.5 billion credit facility with Bank of America, N.A. and Citibank, N.A., and borrowed \$300 million on a floating-rate basis under its 1997 credit facility with Bank of America, N.A.

On October 19, 2000, the Company issued \$500 million of 8.375% Senior Notes, Series H, due 2010, and \$400 million of 7.75% Remarketable Senior Notes, Series I, due 2012 (with a remarketing date of October 15, 2002). The net proceeds of approximately \$908 million (excluding the Company's payments of approximately \$12.3 million associated with related interest rate hedging) were used to repay a portion of the \$1.457 billion of aggregate indebtedness the Company incurred under its credit facilities in connection with the Verizon acquisitions.

The following pro forma information represents the consolidated results of operations of the Company as if the above-described Verizon acquisitions had been consummated as of January 1, 2000 and 1999.

Year ended December 31,	2000	1999
Operating revenues	amounts,	in thousands) audited)
Operating revenues Net income Basic earnings per share Diluted earnings per share	,054,198 210,336 1.50 1.48	2,015,992 198,659 1.43

The pro forma information above is not necessarily indicative of the operating results that would have occurred if the Verizon acquisitions had been consummated as of January 1 of each respective period, nor is it necessarily indicative of subsequent or future operating results. The pro forma information does not give effect to any potential revenue enhancements or cost synergies or other operating efficiencies that have resulted or could result from the acquisitions. The actual results of operations of the Verizon properties are included in the Company's consolidated financial statements only from the date of acquisition.

(3) INVESTMENTS IN UNCONSOLIDATED CELLULAR ENTITIES

The Company's share of earnings from cellular entities in which it does not own a majority interest (which is included in "Income from unconsolidated cellular entities" in the Company's Consolidated Statements of Income) was \$28.6 million, \$28.1 million and \$28.8 million in 2001, 2000 and 1999, respectively, and is net of amortization of goodwill attributable to such investments which totaled \$1.1 million for all three periods. Over 71% of the 2001 income from unconsolidated cellular entities was attributable to the following investments.

	Ownership interest
GTE Mobilnet of Austin Limited Partnership	35%
Alltel Cellular Associates of Arkansas Limited Partnership	36%
Detroit SMSA Limited Partnership	3%
Michigan RSA #9 Limited Partnership	43%
Cellular North Michigan Network General Partnership	49%
Lafayette MSA Limited Partnership	49%
Wisconsin RSA #1 Limited Partnership	42%
Wisconsin RSA #7 Limited Partnership	23%

Based primarily on data furnished to the Company by third parties, the following summarizes the unaudited combined assets, liabilities and equity, and the unaudited combined results of operations, of the cellular entities in which the Company's investments (as of December 31, 2001 and 2000) were accounted for by the equity method.

December 31,	2001	2000
Assets	(Dollars	in thousands)
Current assets Property and other noncurrent assets	\$ 243,536 1,058,410 \$ 1,301,946	305,366 996,702
Liabilities and equity	\$ 1,301,946	1,302,068
Current liabilities Noncurrent liabilities Equity	\$ 85,860 235,926	153,797 138,642
	980,160 \$ 1,301,946	1,009,629 1,302,068

Year ended December 31,		2001	2000	1999
		()	Dollars in thous: (unaudited)	ands)
Results of operations				
Revenues	\$.	1,719,370	1,539,459	1,398,314
Operating income	\$	439,687	495,971	427,274
Net income	\$	434,495	481,923	416,740

(4) INVESTMENTS AND OTHER ASSETS

Investments and other assets at December 31, 2001 and 2000 were composed of the following:

December 31,	2001	2000
	(Dollars	in thousands)
Excess cost of net assets acquired, less accumulated amortization	\$ 2,471,484	2,509,033
Billing system development costs	139,503	73,805
Investments in unconsolidated cellular entities	102,056	117,942
Cash surrender value of life insurance contracts	99,835	96,065
Marketable equity securities		42,801
Other	205,970	217,847
	\$ 3,018,848	3,057,493

Amortization of goodwill and other intangibles of \$74.9 million, \$60.1 million and \$52.0 million for 2001, 2000 and 1999, respectively, is included in "Depreciation and amortization" in the Company's Consolidated Statements of Income. In accordance with SFAS 142, effective January 1, 2002, goodwill will no longer be subject to amortization but instead will be tested for impairment at least annually.

The Company is in the process of developing an integrated billing and customer care system. The costs to develop such system have been capitalized in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," and aggregated \$139.5 million and \$73.8 million at December 31, 2001 and 2000, respectively. Such costs are expected to be amortized over a twenty-year period once the system is fully operational (which is expected to occur in early 2003).

(5) PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment at December 31, 2001 and 2000 was composed of the following:

December 31,	2001	200
Telephone, at original cost		s in thousands)
Cable and wire		anousunus)
Central office	\$ 3,009,720	2,817,79
General support	1,829,945	1,656,89
Information origination/termination	340,416	327,76
Construction in progress	42,038	53,34
Other	64,560	136,75
Cito	5,576	7,24
Accumulated depreciation	5,292,255	4,999,80
recommission depreciation	(2,839,268)	(2,552,648
	2,452,987	2,447,160
Wireless, at cost		2,747,100
Cell site		
General support	420,943	366,855
Construction in progress	108,670	105,951
Other	38,881	49,799
Other	341	79,799
Accumulated depreciation	568,835	522,684
Accumulated depreciation	(305,414)	(261,401
	263,421	261,283
ther, at cost		201,203
General support		
Fiber network	309,500	272,286
Other	72,410	60,649
	65,010	59,089
Accumulated depreciation	446,920	392,024
riseamanated depreciation	(163,765)	(141,174)
	283,155	250,850
et property, plant and equipment		250,050
- FF3, Prant and equipment	\$ 2,999,563	2,959,293

Depreciation expense was \$398.5 million, \$328.0 million and \$296.8 million in 2001, 2000 and 1999, respectively. The composite depreciation rate for telephone properties was 6.8% for 2001, 7.2% for 2000 and 7.0% for 1999.

LONG-TERM AND SHORT-TERM DEBT (6)

The Company's long-term debt as of December 31, 2001 and 2000 was as follows:

	200	
CenturyTel	(Doll	ars in thousan
2.21%* senior credit facility, due through 2002		
4.85% note, due through 2002	\$ 300,00	
Senior notes and debentures:	199,12	25 250,6
7.75% Series A, due 2004	·	
8.25% Series B, due 2024	50,00	20,0
6.55% Series C, due 2005	100,00	,-
7.20% Series D, due 2025	50,00	
6.15% Series E, due 2005	100,00	
6.30% Series F, due 2008	100,00	
6.875% Series G, due 2028	240,00	
8.375% Series H, due 2010	425,00	
7.75% Series I, remarketable 2002	500,000	
9.38% notes, due through 2003	400,000	,0
6.86%** Employee Stock Ownership	7,97	5 12,00
Plan commitment, due in installments through 2004		
Net unamortized premium and discounts	2,500	-,-,
Other	11,036	,
Total CenturyTel	175	
	2,485,811	2,543,33
ubsidiaries		
First mortgage debt		
5.91%** notes, payable to agencies of the U. S. government		
and cooperative lending associations, due in		
installments through 2025		
7.98% notes, due through 2002	265,240	278,07
Other debt	5,419	5,58
7.03%** unsecured medium-term notes, due through 2008		
6.88%** notes, due in installments through 2008	271,135	333,15
0.50% note	6,725	23,365
7.51%** capital lease obligations, due through 2008	-	3,300
TOTAL SUDSKITATION	9,004	13,432
al long-term debt	557,523	656,916
s current maturities	3,043,334	3,200,254
ng-term debt, excluding current metu-i-i-	955,834	149,962
riable interest rate at December 31, 2001	\$ 2,087,500	3,050,292

The approximate annual debt maturities for the five years subsequent to December 31, 2001 are as follows: 2002 - \$955.8 million (assuming the Company's Series I notes are redeemed by the Company in 2002); 2003 - \$69.5 million; 2004 - \$72.0 million; 2005 - \$246.0 million; and 2006 - \$114.4 million.

Certain of the loan agreements of CenturyTel and its subsidiaries contain various restrictions, among which are limitations regarding issuance of additional debt, payment of cash dividends, reacquisition of capital stock and other matters. In addition, the transfer of funds from certain consolidated subsidiaries to

CenturyTel is restricted by various loan agreements. Subsidiaries which have loans from government agencies and cooperative lending associations, or have issued first mortgage bonds, generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial ratios are met. At December 31, 2001, restricted net assets of subsidiaries were \$588.4 million and subsidiaries' retained earnings in excess of amounts restricted by debt covenants totaled \$1.8 billion. At December 31, 2001, all of the consolidated retained earnings reflected on the balance sheet was available under CenturyTel's loan agreements for the declaration of dividends.

Most of the Company's telephone property, plant and equipment is pledged to secure the long-term debt of subsidiaries.

During 2000, the Company borrowed \$1.157 billion on a floating-rate basis under its 364-day, \$1.5 billion credit facility with Bank of America, N.A. and Citibank, N.A., and borrowed \$300 million on a floating-rate basis under its 1997 \$300 million credit facility with Bank of America, N.A. The proceeds were utilized to finance a substantial portion of the Verizon acquisition on a short-term basis. See Note 2 for additional information.

On October 19, 2000, the Company issued \$500 million of 8.375% Senior Notes, Series H, due 2010, and \$400 million of 7.75% Remarketable Senior Notes, Series I, due 2012 (with a remarketing date of October 15, 2002) under its \$2.0 billion shelf registration statement filed in May 2000. The Series I notes will bear interest at the rate of 7.75% per year through October 15, 2002 (which is the first remarketing date), and then at a fixed or floating rate. On the remarketing date, the Series I notes will be purchased and remarketed by the Company's remarketing dealer or mandatorily redeemed by the Company. The net proceeds from the sale of the Series H and I notes of approximately \$908 million (including the payment made to the Company for the remarketing option granted to the remarketing dealer, but excluding the Company's payments associated with related interest rate hedging) were used to repay a portion of the \$1.457 billion of aggregate indebtedness the Company incurred under its credit facilities in connection with the Verizon acquisition.

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Subsequent to the issuance of permanent financing, the committed amount under the Company's 364-day, \$1.5 billion credit facility was reduced to \$500 million in accordance with its terms. The Company also has outstanding indebtedness under other short-term revolving credit facilities and through its commercial paper program. The total amount outstanding under these short-term facilities aggregated \$53.0 million at December 31, 2001 and \$276.0 million at December 31, 2000. The weighted average interest rate of the Company's short-term debt was 2.6% and 7.3% at December 31, 2001 and 2000, respectively.

As of December 31, 2001, the Company had outstanding an interest rate swap relating to \$191.1 million of its floating rate debt designed to eliminate the variability of cash flows in the payment of interest related to such debt. Under this swap, which expires in August 2002, the Company realizes a fixed effective rate of 4.845% and receives or makes settlement payments based upon the 3-month London InterBank Offered Rate, with settlement and rate reset dates at three-month intervals through the expiration date.

At December 31, 2001, the Company had available \$470.1 million of undrawn committed bank lines of credit and the Company's telephone subsidiaries had available for use \$123.0 million of commitments for long-term financing from the Rural Utilities Service and Rural Telephone Bank.

(7) DEFERRED CREDITS AND OTHER LIABILITIES

Deferred credits and other liabilities at December 31, 2001 and 2000 were composed of the following:

December 31,			
		2001	2000
		(Dollars i	n thousands)
Deferred federal and state income taxes Accrued postretirement benefit costs Minority interest Regulatory liability - income taxes Deferred investment tax credits Other	\$	345,772 128,419 66,747 5,657 530 52,723	298,451 118,614 88,295 8,528 1,053 52,608
	· ·		
	<u> </u>	599,848	567,549

(8) STOCKHOLDERS' EQUITY

Common stock - Unissued shares of CenturyTel common stock were reserved as follows:

December 31,	
	2001
	(In thousands)
Incentive compensation programs	
Acquisitions	8,388
Employee stock purchase plan	4,572
Dividend reinvestment plan	4,956
Conversion of convertible preferred stock	557
Other employee benefit plans	435
F AVIL	2,218
	21,126

Under CenturyTel's Articles of Incorporation each share of common stock beneficially owned continuously by the same person since May 30, 1987 generally entitles the holder thereof to ten votes per

share. All other shares entitle the holder to one vote per share. At December 31, 2001, the holders of 10.1 million shares of common stock were entitled to ten votes per share.

Preferred stock - As of December 31, 2001, CenturyTel had 2.0 million shares of authorized convertible preferred stock, \$25 par value per share. At December 31, 2001 and 2000, there were 319,000 shares of outstanding preferred stock. Holders of outstanding CenturyTel preferred stock are entitled to receive cumulative dividends, receive preferential distributions equal to \$25 per share plus unpaid dividends upon CenturyTel's liquidation and vote as a single class with the holders of common stock.

Shareholders' Rights Plan - In 1996 the Board of Directors declared a dividend of one preference share purchase right for each common share outstanding. Such rights become exercisable if and when a potential acquiror takes certain steps to acquire 15% or more of CenturyTel's common stock. Upon the occurrence of such an acquisition, each right held by shareholders other than the acquiror may be exercised to receive that number of shares of common stock or other securities of CenturyTel (or, in certain situations, the acquiring company) which at the time of such transaction will have a market value of two times the exercise price of the right.

(9) POSTRETIREMENT BENEFITS

The Company sponsors health care plans that provide postretirement benefits to all qualified retired employees.

The following is a reconciliation of the beginning and ending balances for the benefit obligation and the plan assets.

December 31,	2001	2000	1999
	(Do	llars in thous	ands)
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 165,266	156,724	172,323
Service cost	6,373	4,727	4,850
Interest cost	14,512	10,907	10,089
Plan amendments	-	_	(2,492)
Participant contributions	548	677	419
Actuarial (gain) loss	40,005	957	(23,855)
Benefits paid	(10,832)	(8,726)	(4,610)
Benefit obligation at end of year	\$ 215,872	165,266	156,724
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	\$ 39,873	41,781	35,799
Return on assets	(1,379)	(270)	2,961
Employer contributions	8,345	6,411	7,212
Participant contributions	548	677	419
Benefits paid	 (10,832)	(8,726)	(4,610)
Fair value of plan assets at end of year	\$ 36,555	39,873	41,781

Net periodic postretirement benefit cost for 2001, 2000 and 1999 included the following components:

Year ended December 31,	2001	2000	1999
	(Do	llars in thousa	nds)
Service cost	\$ 6,373	4,727	4,850
Interest cost	14,512	10,907	10,089
Expected return on plan assets	(3,987)	(4,178)	(3,580)
Amortization of unrecognized actuarial loss	1,337	26	54
Amortization of unrecognized prior service cost	(129)	(129)	(129)
Net periodic postretirement benefit cost	\$ 18,106	11,353	11,284

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2001, 2000 and 1999.

444444444444444444444444444

December 31,	2001	2000	1999
	(Do	ollars in thous	ands)
Benefit obligation Fair value of plan assets Unamortized prior service cost Unrecognized net actuarial loss	\$ (215,872) 36,555 (1,046) 49,655	(165,266) 39,873 (1,175) 6,109	(156,724) 41,781 (1,303) 707
Accrued benefit cost	\$ (130,708)	(120,459)	(115,539)

Assumptions used in accounting for postretirement benefits as of December 31, 2001 and 2000 were:

	2001	2000
Weighted average assumptions		
Discount rate	7.0%	7.25
Expected return on plan assets	10.0%	10.0

For measurement purposes, a 6.5% annual rate in the per capita cost of covered health care benefits was assumed for 2002 and beyond. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thous	
Effect on total of service and interest cost components Effect on postretirement benefit obligation	\$ 1,455 \$ 11,117	(1,459) (10,393)

(10) RETIREMENT AND SAVINGS PLANS

CenturyTel and certain subsidiaries sponsor defined benefit pension plans for substantially all employees. CenturyTel also sponsors an Outside Directors' Retirement Plan and a Supplemental Executive Retirement Plan to provide directors and officers, respectively, with supplemental retirement, death and disability benefits.

The following is a reconciliation of the beginning and ending balances for the aggregate benefit obligation and the plan assets for the Company's retirement and savings plans.

December 31,	2001	2000	1999
Change in benefit obligation	(De	ollars in thous	
Benefit obligation at beginning of year	\$ 249,835	205,455	217,747
Service cost	7,760	5,928	5,226
Interest cost	17,829	15,381	•
Plan amendments	1,205	,	13,817
Acquisition	1,203	3,387	-
Actuarial (gain) loss		35,824	-
· · · · · · · · · · · · · · · · · · ·	9,065	(3,726)	(19,844)
Benefits paid	 (14,204)	(12,414)	(11,491)
Benefit obligation at end of year	\$ 271,490	249,835	205,455
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	\$ 329,459	319,901	278,678
Return on plan assets	(33,184)	(14,991)	52,183
Employer contributions	1,377	572	531
Acquisition	-,	36,391	231
Benefits paid	(14,204)	(12,414)	(11,491)
Fair value of plan assets at end of year	\$ 283,448	329,459	319,901

Net periodic pension benefit for 2001, 2000 and 1999 included the following components:

Year ended December 31,	2001	2000	1999
	(Do	llars in thousa	ands)
Service cost	\$ 7,760	5,928	5,226
Interest cost	17,829	15,381	13,817
Expected return on plan assets	(31,901)	(31,586)	(26,824)
Recognized net gains	(2,325)	(7,107)	(3,176)
Net amortization and deferral	301	(602)	(235)
Net periodic pension benefit	\$ (8,336)	(17,986)	(11,192)

The following table sets forth the combined plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 2001, 2000 and 1999.

December 31,	2001	2000	1999
	(Do	ollars in thous	ands)
Benefit obligation Fair value of plan assets Unrecognized transition asset Unamortized prior service cost Unrecognized net actuarial (gain) loss	\$ (271,490) 283,448 (1,404) 5,017	(249,835) 329,459 (1,648) 4,126	(205,455) 319,901 (1,892) 1,031
Prepaid benefit cost	\$ 26,782 42,353	(49,336) 32,766	$\frac{(100,052)}{13,533}$

Assumptions used in accounting for the pension plans as of December 2001 and 2000 were:

Discount rates	2001	2000
	7.0%	7.25
Expected long-term rate of return on assets	8.0-10.0%	8.0-10.0

CenturyTel sponsors an Employee Stock Ownership Plan ("ESOP") which covers most employees with one year of service with the Company and is funded by Company contributions determined annually by the Board of Directors. The Company's expense related to the ESOP during 2001, 2000 and 1999 was \$7.5 million, \$9.5 million, and \$9.6 million, respectively. At December 31, 2001, the ESOP owned an aggregate of 8.2 million shares of CenturyTel common stock.

CenturyTel and certain subsidiaries also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plans") which are available to substantially all employees of the Company. The Company's matching contributions to the 401(k) Plans were \$6.6 million in 2001, \$6.1 million in 2000 and \$6.1 million in 1999.

(11) INCOME TAXES

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2001 and 2000 were as follows:

Deferred tax assets Chollars in thousands	December 31,		
Postretirement benefit costs \$ 31,766 30,83 Regulatory support 12,163 13,50 Net operating loss carryforwards 21,991 8,30 Regulatory liability 2,175 3,19 Long-term debt 6,606 7,76 Other employee benefits 8,452 7,33 Other 10,291 11,05 Gross deferred tax assets 93,444 81,98 Less valuation allowance (21,991) (8,30) Net deferred tax assets 71,453 73,68 Deferred tax liabilities 71,453 73,68 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742) Marketable equity securities (3,617) (5,742)		2001	2000
Regulatory support \$ 31,766 30,83 Net operating loss carryforwards 12,163 13,50 Regulatory liability 21,991 8,30 Long-term debt 6,606 7,76 Other employee benefits 8,452 7,33 Other 10,291 11,05 Gross deferred tax assets 93,444 81,98 Less valuation allowance (21,991) (8,30) Net deferred tax assets 71,453 73,68 Deferred tax liabilities 71,453 73,68 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742)	Deferred tax assets	(Dollar	s in thousands)
Regulatory support 12,163 13,50 Net operating loss carryforwards 21,991 8,30 Regulatory liability 2,175 3,19 Long-term debt 6,606 7,76 Other employee benefits 8,452 7,33 Other 10,291 11,05 Less valuation allowance 93,444 81,98 Less valuation allowance (21,991) (8,30) Net deferred tax assets 71,453 73,68 Deferred tax liabilities 71,453 73,68 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742)	Postretirement benefit costs	0 21 500	
Net operating loss carryforwards 12,163 13,50 Regulatory liability 21,991 8,30 Long-term debt 6,606 7,76 Other employee benefits 8,452 7,33 Other 10,291 11,05 Less valuation allowance 93,444 81,98 Less valuation allowance (21,991) (8,30) Net deferred tax assets 71,453 73,684 Deferred tax liabilities 71,453 73,684 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742) Marketable equity securities (3,617) (5,742)	Regulatory support	+ 51,700	30,834
Regulatory liability 21,391 8,30 Long-term debt 6,606 7,76 Other employee benefits 8,452 7,33 Other 10,291 11,05 Gross deferred tax assets 93,444 81,98 Less valuation allowance (21,991) (8,300 Net deferred tax assets 71,453 73,684 Deferred tax liabilities Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742) Marketable equity securities (3,617) (5,742)	Net operating loss carryforwards	· ·	13,504
Long-term debt	Regulatory liability		8,302
Other employee benefits 6,606 7,76 Other 8,452 7,33 Gross deferred tax assets 10,291 11,05 Less valuation allowance 93,444 81,98 Net deferred tax assets (21,991) (8,300) Deferred tax liabilities 71,453 73,684 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742)			3,191
Other 8,452 7,33 Gross deferred tax assets 10,291 11,05 Less valuation allowance 93,444 81,98 Net deferred tax assets (21,991) (8,30) Deferred tax liabilities 71,453 73,68 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Customer base (2,582) (2,764) Marketable equity securities (3,617) (5,742)			7,765
Gross deferred tax assets 10,291 11,05 Less valuation allowance 93,444 81,98 Net deferred tax assets (21,991) (8,30) Deferred tax liabilities 71,453 73,68 Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742)	Other	8,452	7,335
Less valuation allowance 93,444 (21,991) 81,98 (21,991) Net deferred tax assets 71,453 73,684 Deferred tax liabilities Property, plant and equipment, primarily due to depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742)		10,291	11,055
Net deferred tax assets (21,991) (8,30)		93,444	81,986
Deferred tax liabilities Property, plant and equipment, primarily due to depreciation differences Excess cost of net assets acquired Deferred debt costs Customer base Marketable equity securities 71,453 73,686 (170,225) (170,225) (122,459 (234,591) (216,368 (2,582) (2,764 (3,617) (5,742)		(21,991)	(8,302)
Deferred tax liabilities Property, plant and equipment, primarily due to depreciation differences Excess cost of net assets acquired Deferred debt costs Customer base Marketable equity securities (170,225) (122,459) (234,591) (216,368) (2,764) (3,617) (5,742)	Tree deferred tax assets	71,453	
depreciation differences (170,225) (122,459) Excess cost of net assets acquired (234,591) (216,368) Deferred debt costs (2,582) (2,764) Customer base (3,617) (5,742)	Deferred tax liabilities		
Excess cost of net assets acquired (170,225) (122,459) Deferred debt costs (234,591) (216,368) Customer base (2,582) (2,764) Marketable equity securities (3,617) (5,742)	Property, plant and equipment, primarily due to		
Deferred debt costs Customer base Marketable equity securities (234,591) (216,368 (2,764) (3,617) (5,742)	Excess cost of not possess	(170,225)	(122,459)
Customer base (2,582) (2,764) Marketable equity securities (3,617) (5,742)	Deferred debt costs		
Marketable equity securities (3,617) (5,742)		(2,582)	
- 4 Joeografico		(3,617)	
	Intercompany profits	<u> </u>	(13,715)
The state of the s		(3,283)	(3,283)
(2,000)			(7,804)
Gross deterred tax haplines	Net deferred to the line		(372,135)
C (215 cm)	iver deterred tax liability		(298,451)

The following is a reconciliation from the statutory federal income tax rate to the Company's effective income tax rate:

Year ended December 31,	2001	2000	1999
	(Percentag	ge of pre-tax i	
Statutory federal income tax rate	35.0%	35.0	35.0
State income taxes, net of federal income tax benefit	1.3	2.8	2.5
Amortization of nondeductible excess cost of net assets acquired Basis difference of assets sold	2.0	2.9	2.7
Amortization of investment tax credits	-	.3	3.9
Amortization of investment tax credits Amortization of regulatory liability	(.1)	(.2)	(.4)
Other, net	(.3)	(.4)	(.4)
Effective income tax rate	.1	(.3)	.8
Effective income tax rate	38.0%	40.1	44.1

Income tax expense included in the Consolidated Statements of Income for the years ended December 31, 2001, 2000 and 1999 was as follows:

Year ended December 31,	2001	2000	1999
Federal	(Do	ollars in thous	ands)
Current Deferred State	\$ 137,138 61,455	98,271 39,651	184,872 (11,600)
Current Deferred	16,242 (4,810)	14,620 2,169	21,770 (5,539)
	\$ 210,025	154,711	189,503

Income tax expense was allocated as follows:

Year ended December 31,	2001	2000	1000
		ollars in thous	1999 (sands)
Net tax expense in the consolidated statements of income Stockholders' equity	\$ 210,025	154,711	189,503
Compensation expense for tax purposes			
in excess of amounts recognized for			
financial reporting purposes Tax effect of the change in unrealized holding	(1,051)	(2,702)	(16,836)
gain on investments	(13,715)	(20,941)	30,771
	\$ 195,259	131,068	203,438

(12) SALE OF ASSETS

In the second quarter of 2001, the Company recorded a pre-tax gain of approximately \$185.1 million (\$117.7 million after-tax; \$.83 per diluted share) due to the sale of 30 PCS licenses to Leap Wireless International, Inc. ("Leap"). In conjunction with the sale of the licenses to Leap, the Company also

recorded a pre-tax charge of \$18.2 million (\$11.6 million after-tax; \$.08 per share) due to the write down in the value of certain non-operating assets.

In the third quarter of 2001, the Company recorded a pre-tax gain on the sale of its remaining common shares of Illuminet Holdings, Inc. aggregating \$54.6 million (\$35.5 million after-tax; \$.25 per diluted share). The Company also recorded a pre-tax gain of \$4.0 million (\$2.6 million after-tax; \$.02 per diluted share) on the sale of certain other assets.

In the first quarter of 2000 the Company recorded a pre-tax gain aggregating \$9.9 million (\$5.2 million after tax) due to the sale of its remaining Alaska cellular operations.

In the third quarter of 2000 the Company recorded a pre-tax gain aggregating \$10.7 million (\$6.4 million after tax) due to the sale of its minority interest in a non-strategic cellular partnership.

In the first quarter of 1999 the Company recorded a pre-tax gain aggregating \$10.4 million (\$6.7 million after tax) due to the sale of its remaining common shares of MCIWorldCom, Inc.

In May 1999, the Company sold substantially all of its Alaska-based operations that were acquired in the acquisition of Pacific Telecom, Inc. on December 1, 1997. The Company received approximately \$300 million in after-tax cash as a result of the transaction. In accordance with purchase accounting, no gain or loss was recorded upon the disposition of these properties.

In June 1999, the Company sold the assets of its cellular operations in Brownsville and McAllen, Texas for approximately \$96 million cash. In connection therewith, the Company recorded a pre-tax gain of approximately \$39.6 million, and an after-tax loss of approximately \$7.8 million.

In the fourth quarter of 1999 the Company recorded a pre-tax gain aggregating \$11.6 million (\$7.6 million after tax) due to the sale of its Telephone and Data Systems, Inc. common stock.

(13) EARNINGS PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

Year ended December 31,		2001	2000	1999
		(Do	llars, except per	share
			, and shares in t	
Income (Numerator):				
Net income	\$	343,031	231,474	239,769
Dividends applicable to preferred stock	-	(399)	(399)	(403)
Net income applicable to common stock for		() ,	(3,5)	(403)
computing basic earnings per share		342,632	231,075	239,366
Dividends applicable to preferred stock		399	399	403
Interest on convertible securities, net of taxes			132	252
Net income as adjusted for purposes of computing				
diluted earnings per share	\$	343,031	231,606	240,021
Shares (Denominator):				
Weighted average number of shares outstanding				
during period		141,021	140,440	139,313
Employee Stock Ownership Plan shares not				
committed to be released		(278)	(371)	(465)
Weighted average number of shares outstanding during				
period for computing basic earnings per share		140,743	140,069	138,848
Incremental common shares attributable to				
dilutive securities:				
Conversion of convertible securities		435	707	981
Shares issuable under outstanding stock options		1,129	1,088	1,603
Number of shares as adjusted for purposes of				
computing diluted earnings per share		142,307	141,864	141,432
Basic earnings per share	\$	2.43	1.65	1.72
Diluted earnings per share	\$	2.41	1.63	1.70

The weighted average number of options to purchase shares of common stock that were excluded from the computation of diluted earnings per share because the exercise price of the option was greater than the average market price of the common stock was 1,346,000 for 2001, 969,000 for 2000 and 20,000 for 1999.

(14) ACCOUNTING FOR THE EFFECTS OF REGULATION

The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). Actions of regulators can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71.

The Company's consolidated balance sheet as of December 31, 2001 included regulatory assets of approximately \$769.8 million and regulatory liabilities of approximately \$2.9 million. The \$769.8 million

of regulatory assets included amounts related to accumulated depreciation (\$766.3 million), income taxes (\$235,000), deferred costs associated with regulatory proceedings (\$356,000) and deferred financing costs (\$2.9 million). The \$2.9 million of regulatory liabilities was established in connection with the adoption of Statement of Financial Accounting Standards No. 109, "Accounting For Income Taxes." Net deferred income tax liabilities related to the regulatory assets and liabilities quantified above were \$300.2 million.

Property, plant and equipment of the Company's regulated telephone operations has been depreciated using the straight line method over lives approved by regulators. Such depreciable lives have generally exceeded the depreciable lives used by nonregulated entities. In addition, in accordance with regulatory accounting, retirements of regulated telephone property have been charged to accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. These accounting policies have resulted in accumulated depreciation being significantly less than if the Company's telephone operations had not been regulated.

Statement of Financial Accounting Standards No. 101, "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71" ("SFAS 101"), specifies the accounting required when an enterprise ceases to meet the criteria for application of SFAS 71. SFAS 101 requires the elimination of the effects of any actions of regulators that have been recognized as assets and liabilities in accordance with SFAS 71 but would not have been recognized as assets and liabilities by non-regulated enterprises, along with an adjustment of certain accumulated depreciation accounts to reflect the difference between recorded depreciation and the amount of depreciation that would have been recorded had the Company's telephone operations not been subject to rate regulation. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for non-regulated enterprises.

Deferred tax liabilities and deferred investment tax credits will be impacted based on the change in the temporary differences for property, plant and equipment and accumulated depreciation.

The Company is monitoring the ongoing applicability of SFAS 71 to its regulated telephone operations due to the changing regulatory, competitive and legislative environments, and it is possible that changes in regulation, legislation or competition or in the demand for regulated services or products could result in the Company's telephone operations no longer being subject to SFAS 71 in the near future. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required may result in a material, noncash charge against earnings which would be reported as an extraordinary item. For regulatory purposes, the accounting and reporting of the Company's telephone subsidiaries will not be affected by the discontinued application of SFAS 71.

The properties to be acquired from Verizon in 2002 are not expected to be accounted for under the provisions of SFAS 71.

(15) STOCK OPTION PROGRAM

CenturyTel has a 2000 incentive compensation program which allows the Board of Directors, through the Compensation Committee, to grant incentives to certain employees in any one or a combination of several forms, including incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. As of December 31, 2001, CenturyTel had reserved 8.4 million shares of common stock which may be issued under CenturyTel's current incentive compensation program.

Under the Company's programs, options have been granted to employees at a price either equal to or exceeding the then-current market price. All of the options expire ten years after the date of grant and the vesting period ranges from immediate to three years.

During 2001 the Company granted 1,971,750 options (the "2001 Options") at market price. The weighted average fair value of each of the 2001 Options was estimated as of the date of grant to be \$11.16 using an option-pricing model with the following assumptions: dividend yield - .6%; expected volatility - 30%; risk-free interest rate - 4.8%; and expected option life - seven years.

During 2000 the Company granted 1,565,750 options (the "2000 Options") at market price. The weighted average fair value of each of the 2000 Options was estimated as of the date of grant to be \$12.46 using an option-pricing model with the following assumptions: dividend yield - .5%; expected volatility - 25%; risk-free interest rate - 5.3%; and expected option life - seven years.

During 1999 the Company granted 83,743 options (the "1999 Options") at market price. The weighted average fair value of each of the 1999 Options was estimated as of the date of grant to be \$15.90 using an option-pricing model with the following assumptions: dividend yield - 4%; expected volatility - 20%; risk-free interest rate - 6.6%; and expected option life - seven years.

Stock option transactions during 2001, 2000 and 1999 were as follows:

	Number of options	 Average price
Outstanding December 31, 1998 Exercised Granted Forfeited	4,780,613 (1,369,459) 83,743 (9,055)	\$ 13.35 10.90 40.88 37.07
Outstanding December 31, 1999 Exercised Granted Forfeited	3,485,842 (369,308) 1,565,750 (1,125)	14.92 12.46 33.00
Outstanding December 31, 2000 Exercised Granted Forfeited	4,681,159 (149,806) 1,971,750 (135,583)	13.33 21.16 15.91 28.14 18.42
Outstanding December 31, 2001 Exercisable December 31, 2000	6,367,520 3,113,496	23.51 15.21
Exercisable December 31, 2001	3,342,216	17.81

The following tables summarize certain information about CenturyTel's stock options at December 31, 2001.

Options	outstanding

Range of exercise prices	Number of options	Weighted average remaining contractual life outstanding	Weighted average exercise price
\$ 11.67-12.30	760,966	1.7	\$ 12.29
13.33-17.64	1,934,420	4.2	14.95
24.50-26.31	381,650	7.8	25.29
26.98-31.54	1,932,136	8.6	28.15
31.75-38.50	1,313,517	9.3	34.62
39.00-46.19	44,831	7.4	
11.67-46.19	6,367,520	7.8	42.51 23.51

~ .	
()ntione	exercisable

Range of exercise prices	Number of options exercisable	Weighted average exercise price
\$ 11.67-12.30 13.33-17.64 24.50-26.31 26.98-31.54 31.75-38.50 39.00-46.19 11.67-46.19	$760,966$ $1,934,420$ $120,824$ $62,953$ $418,222$ $\underline{44,831}$ $\overline{3,342,216}$	\$ 12.29 14.95 25.21 28.84 34.62 42.51 17.81

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its program. Accordingly, the Company has not recognized compensation

cost in connection with issuing stock options. If compensation cost for CenturyTel's options had been determined consistent with Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation", the Company's net income and earnings per share on a pro forma basis for 2001, 2000 and 1999 would have been as follows:

Year ended December 31,	2001	2000	1999	
	(Dollars in thousands,			
Net income	excep	ot per share ar	nounts)	
As reported	\$ 343,031	231,474	239,769	
Pro forma	334,060	225,164	239,769	
Basic earnings per share	,		257,055	
As reported	\$ 2.43	1.65	1.72	
Pro forma	\$ 2.37	1.60	1.72	
Diluted earnings per share				
As reported	\$ 2.41	1.63	1.70	
Pro forma	\$ 2.35	1.59	1.69	

(16) SUPPLEMENTAL CASH FLOW DISCLOSURES

The Company paid interest, net of amounts capitalized of \$3.5 million, \$4.5 million and \$2.0 million during 2001, 2000 and 1999, respectively, of \$224.7 million, \$164.0 million and \$148.3 million during 2001, 2000 and 1999, respectively. Income taxes paid were \$128.3 million in 2001, \$142.3 million in 2000 and \$270.9 million in 1999.

CenturyTel has consummated the acquisitions of various telephone and wireless operations, along with certain other assets, during the three years ended December 31, 2001. In connection with these acquisitions, the following assets were acquired and liabilities assumed:

Year ended December 31,	2001	2000	1999
	(D	ollars in thousa	
Property, plant and equipment, net Excess cost of net assets acquired Other investments Long-term debt Deferred credits and other liabilities Other assets and liabilities, excluding	\$ 33,183 - 13,948	607,415 917,468 7,145 (378) (44,465)	830 20,194 - -
cash and cash equivalents Decrease in cash due to acquisitions	\$ 47,131	53,671 1,540,856	(52) 20,972

CenturyTel has disposed of various telephone and wireless operations, along with certain other assets, during the three years ended December 31, 2001. In connection with these dispositions, the following assets were sold, liabilities eliminated, assets received and gain recognized:

Year ended December 31,	2001	2000	1999
100	(Dollars in thousands)		
Property, plant and equipment, net	\$ (20,653)	(4,062)	(165,286)
Excess cost of net assets acquired, net	•	(4,071)	(296,605)
Marketable equity securities	(3,614)	•	(18,363)
Other assets and liabilities, excluding cash and			
cash equivalents	51,593	(769)	58,595
Gain on sale of assets	(199,971)	(20,593)	(62,808)
Increase in cash due to dispositions	\$(172,645)	(29,495)	(484,467)

In connection with the sale of PCS licenses to Leap in the second quarter of 2001, the Company received approximately \$86.5 million in the form of a promissory note. Such note was subsequently collected in installments through the fourth quarter of 2001.

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of certain of the Company's financial instruments at December 31, 2001 and 2000.

	Carrying Amount	Fair value	
December 31, 2001	(Dollars i	Dount value Dollars in thousands) 0,248 30,248 (3) 3,334 3,040,242 (2) 9,714 39,714 (3) 2,801 42,801 (1)	
Financial assets	\$ 30,248	30,248	(3)
Financial liabilities			
Long-term debt (including current maturities)	\$ 3,043,334	3.040.242	(2)
Other	\$ 39,714		
December 31, 2000			
Financial assets			
Investments			
Marketable equity securities	\$ 42,801	42 801	(1)
	\$ 36,514	,	
Financial liabilities			
	\$ 3,200,254	3,107,899	(2)
Out	\$ 40,879	40,879	(3)

(1) Fair value was based on quoted market prices.

The carrying amount of cash and cash equivalents, accounts receivable, short-term debt, accounts payable and accrued expenses approximates the fair value due to the short maturity of these instruments.

⁽²⁾ Fair value was estimated by discounting the scheduled payment streams to present value based upon rates currently offered to the Company for similar debt.

⁽³⁾ Fair value was estimated by the Company to approximate carrying value.

(18) BUSINESS SEGMENTS

The Company has two reportable segments: telephone and wireless. The Company's reportable segments are strategic business units that offer different products and services. The operating income of these segments is reviewed by the chief operating decision maker to assess performance and make business decisions. Other operations include, but are not limited to, the Company's non-regulated long distance operations, Internet operations, competitive local exchange carrier operations, fiber network business and security monitoring operations. In August 2001, the Company announced that it is exploring the potential separation of its wireless business from its other operations.

The Company's telephone operations are conducted in rural, suburban and small urban communities in 21 states. Approximately 87% of the Company's telephone access lines are in Wisconsin, Arkansas, Washington, Missouri, Michigan, Louisiana, Colorado, Ohio and Oregon. The Company's wireless customers are located in Michigan, Louisiana, Wisconsin, Mississippi, Texas, and Arkansas.

	Operating	Depreciation and	Operating
	 revenues	amortization (Dollars in thousands)	income
Year ended December 31, 2001			
Telephone	\$ 1,505,733	398,284	423,420
Wireless	437,965	66,346	112,401
Other operations	173,771	8,754	22,098
Total	\$ 2,117,469	473,384	557,919
Year ended December 31, 2000 Telephone Wireless Other operations Total	\$ 1,253,969 443,569 148,388 1,845,926	317,906 65,239 4,911 388,056	376,290 117,865 31,258 525,413
Year ended December 31, 1999			an establishment and a state of
Telephone	\$ 1,126,112	273,666	351,559
Wireless	422,269	68,593	133,930
Other operations	 128,288	6,557	22,580
Total	\$ 1,676,669	348,816	508,069

Cooldars in thousands Cooldars in thousands	Year ended December 31,		2001	2000	1000
Operating income \$ 557,919 525,413 508,069 Nonrecurring gains and losses, net 199,971 20,593 62,808 Interest expense (225,523) (183,302) (150,557) Income from unconsolidated cellular entities 27,460 26,986 27,675 Minority interest (11,812) (10,201) (27,913) Other income and expense 5,041 6,696 9,190 Income before income tax expense \$ 553,056 386,185 429,272 Year ended December 31, 2001 2000 1999 Capital expenditures \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 87,222 930,406 1,023,936 Other operations 87,222 930,406 1,023,936	Tour on the same		2001		1999
Nonrecurring gains and losses, net 199,971 20,593 62,808 Interest expense (225,523) (183,302) (150,557) Income from unconsolidated cellular entities 27,460 26,986 27,675 Minority interest (11,812) (10,201) (27,913) Other income and expense 5,041 6,696 9,190 Income before income tax expense \$553,056 386,185 429,272 Year ended December 31, 2001 2000 1999 Capital expenditures (Dollars in thousands) 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$506,727 449,537 389,980 Total assets Telephone \$4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781				(Donars in thousan	ilus)
Nonrecurring gains and losses, net 199,971 20,593 62,808 Interest expense (225,523) (183,302) (150,557) Income from unconsolidated cellular entities 27,460 26,986 27,675 Minority interest (11,812) (10,201) (27,913) Other income and expense 5,041 6,696 9,190 Income before income tax expense \$553,056 386,185 429,272	Operating income	\$	557,919	525,413	508.069
Interest expense (225,523) (183,302) (150,557) Income from unconsolidated cellular entities 27,460 26,986 27,675 Minority interest (11,812) (10,201) (27,913) Other income and expense 5,041 6,696 9,190 Income before income tax expense \$553,056 386,185 429,272	Nonrecurring gains and losses, net			•	-
Income from unconsolidated cellular entities 27,460 26,986 27,675	Interest expense				,
Minority interest Other income and expense (11,812) (10,201) (27,913) Other income and expense 5,041 6,696 9,190 Income before income tax expense \$ 553,056 386,185 429,272 Year ended December 31, 2001 2000 1999 Capital expenditures Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets (Dollars in thousands) Total assets (Dollars in thousands) Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	Income from unconsolidated cellular entities			(
Other income and expense 5,041 6,696 9,190 Income before income tax expense \$ 553,056 386,185 429,272 Year ended December 31, 2001 2000 1999 Capital expenditures Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	Minority interest			•	
Income before income tax expense \$ 553,056 386,185 429,272 Year ended December 31, 2001 2000 1999 Capital expenditures Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets (Dollars in thousands) Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	Other income and expense				
Year ended December 31, 2001 2000 1999 Capital expenditures Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets (Dollars in thousands) Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 877,222 930,406 1,023,936 Total assets 812,238 721,600 473,781	Income before income tax expense	\$			
Capital expenditures (Dollars in thousands) Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781 Total assets 6 0.01,604 473,781				300,103	423,212
Capital expenditures (Dollars in thousands) Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781 Total assets 6 0.01,604 473,781					
Capital expenditures Telephone \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Cotal assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	Year ended December 31,		2001	2000	1999
Capital expenditures \$ 351,010 275,523 233,512 Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781 Total assets 6 6 21,600 473,781				(Dollars in thousan	
Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781 Total assets 8 623,234 721,600 473,781					.43)
Wireless 71,212 58,468 58,760 Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 (Dollars in thousands) Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781 Total assets 6 6 81,684 721,600 473,781	•	\$	351,010	275,523	233 512
Other operations 84,505 115,546 97,708 Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 (Dollars in thousands) Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781			71,212	•	
Total \$ 506,727 449,537 389,980 December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781			84,505	•	
December 31, 2001 2000 1999 Total assets Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	Total	\$	506,727		
Total assets Telephone Wireless Other operations Total assets Total assets (Dollars in thousands) (A,629,224					307,700
Total assets Telephone Wireless Other operations Total assets Total assets (Dollars in thousands) (A,629,224	D: 1 01				
Total assets (Dollars in thousands) Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	December 31,		2001	2000	1999
Telephone \$ 4,629,224 4,741,284 3,207,690 Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	Taralana			(Dollars in thousand	ds)
Wireless 877,222 4,741,284 3,207,690 Other operations 812,238 721,600 473,781					,
Wireless 877,222 930,406 1,023,936 Other operations 812,238 721,600 473,781	•	\$	4,629,224	4,741,284	3,207,690
Total assets 812,238 721,600 473,781			877,222	930,406	
0 (210 (0)		****			
5 0,318,084 6,393,290 4.705.407	1 OTAL ASSETS	\$	6,318,684	6,393,290	4,705,407

Other accounts receivable are primarily amounts due from various long distance carriers, principally AT&T, and several large local exchange operating companies.

(19) COMMITMENTS AND CONTINGENCIES

Construction expenditures and investments in vehicles, buildings and equipment during 2002 are estimated to be \$315 million for telephone operations, \$65 million for wireless operations and \$45 million for other operations.

From time to time, the Company is involved in various claims and legal actions relating to the conduct of its business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

(20) PENDING ACQUISITIONS

In October 2001, the Company entered into definitive asset purchase agreements to purchase from affiliates of Verizon telephone access lines (which numbered approximately 676,000 at December 31,

2001) and related local exchange assets in Missouri and Alabama for approximately \$2.159 billion in cash, subject to adjustments which are not expected to be material in the aggregate. Under each definitive agreement, the Company has agreed to pay Verizon 10% of the transaction consideration if the purchase is not consummated under specified conditions, including the Company's incapacity to finance the transaction. These transactions are anticipated to close in the second half of 2002, subject to regulatory approvals and certain other closing conditions. The Company's financing plans are not yet complete and will be dependent upon the Company's review of its alternatives and market conditions.

CENTURYTEL, INC.

Consolidated Quarterly Income Statement Information
(Unaudited)

	First quarter (Dollars in	Second quarter	Third quarter	Fourth quarter
2001	 (Dollars in thousands, except per share amount (unaudited)			
Operating revenues	\$ 516,008	518,936	539,377	543,148
Operating income	\$ 134,208	135,205	143,811	144,695
Net income	\$ 46,722	154,241	92,305	49,763
Basic earnings per share	\$.33	1.10	.66	.35
Diluted earnings per share	\$.33	1.09	.65	.35
2000			·	
Operating revenues	\$ 412,956	423,156	482,634	527,180
Operating income	\$ 111,422	124,892	147,059	142,040
Net income	\$ 49,284	57,845	67,224	57,121
Basic earnings per share	\$.35	.41	.48	.41
Diluted earnings per share	\$.35	.41	.47	.40

Diluted earnings per share for the second and third quarters of 2001 included \$.75 and \$.27 per share, respectively, of net gains on sales of assets. See Note 12 for additional information.

Diluted earnings per share for the first and third quarters of 2000 included \$.04 and \$.05 per share, respectively, of gain on sale of assets. See Note 12 for additional information. On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon. See Note 2 for additional information.

Exhibit F

Press Release Announcing Fourth Quarter 2002 Operating Results for CenturyTel, Inc.

FOR IMMEDIATE RELEASE

January 30, 2003

FOR MORE INFORMATION CONTACT:

Media: Patricia Cameron 318.388.9674 patricia.cameron@centurytel.com Investors: Tony Davis 318.388.9525 tony.davis@centurytel.com

CenturyTel Achieves Strong Fourth Quarter Results

Monroe, LA. . . CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results for fourth quarter 2002.

- Revenues from continuing operations increased 34.8% to \$585.9 million.
- Earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA), excluding nonrecurring items, rose 39.5% to \$306.2 million.
- Income from continuing operations, excluding nonrecurring items, climbed 67.2% to \$84.0 million.
- Diluted earnings per share, excluding nonrecurring items, increased 13.5% to \$.59.
- Free cash flow, excluding nonrecurring items, was \$79.9 million.

Fourth Quarter Highlights (Excluding nonrecurring items) (In thousands, except per share and customer amounts)	Quarter Ended 12/31/02	Quarter Ended 12/31/01	% Change
Revenues from continuing operations (1) EBITDA from continuing operations (2) Income from continuing operations (2) Net Income Diluted Earnings Per Share from continuing	\$ 585,879	\$ 434,679	34.8 %
	\$ 306,192	\$ 219,485	39.5 %
	\$ 83,964	\$ 50,221 (3)	67.2 %
	\$ 85,074	\$ 74,386 (3)	14.4 %
operations (2) Diluted Earnings Per Share Average Diluted Shares Outstanding	\$.59	\$.35 (3)	68.6 %
	\$.59	\$.52 (3)	13.5 %
	143,380	142,427	.7 %
Telephone Revenues (1) Other Operations Revenues	\$ 519,427	\$ 388,853	33.6 %
	\$ 66,452	\$ 45,826	45.0 %
Telephone Access Lines (1) Long Distance Customers (1) Reflects the consisting of the consist	2,414,564	1,797,643	34.3 %
	648,797	465,872	39.3 %

⁽¹⁾ Reflects the acquisition of access lines in 2002 that generated \$130.0 million of telephone revenues during the fourth quarter.

"The fourth quarter results include a full quarter's impact of the Alabama and Missouri properties acquired from Verizon during the third quarter," Glen F. Post, III, chairman and chief executive officer, said. "These markets are making strong contributions to revenue and operating cash flow and we are pleased with our early success in offering CenturyTel's bundled services in these markets."

⁽²⁾ Includes corporate overheads previously allocated to discontinued operations.

⁽³⁾ As adjusted to reflect the after-tax effect of eliminating goodwill amortization in accordance with SFAS 142.

Consolidated revenues from continuing operations for the fourth quarter rose 34.8% to \$585.9 million from \$434.7 million. EBITDA from continuing operations, excluding nonrecurring items, grew to \$306.2 million from \$219.5 million, representing a consolidated EBITDA margin of 52.3% during the quarter. Income from continuing operations for the quarter, excluding nonrecurring items, increased 67.2% to \$84.0 million from \$50.2 million (as adjusted) in fourth quarter 2001. Diluted earnings per share from continuing operations, excluding nonrecurring items, increased 68.6% to \$.59 from \$.35 (as adjusted). Diluted earnings per share, excluding nonrecurring items, increased 13.5% to \$.59 from \$.52 (as adjusted).

Telephone revenues grew 33.6% to \$519.4 million during the quarter, compared with \$388.9 million in fourth quarter 2001. Increases in telephone revenues and telephone operating expenses were primarily due to the Verizon acquisitions. In our legacy markets, growth in vertical services and interstate revenues were offset by declines in intrastate access and toll revenues. Telephone operating income increased 35.8% to \$176.8 million from \$130.2 million (as adjusted), and telephone EBITDA rose 33.3% to \$289.8 million from \$217.4 million a year ago. CenturyTel's fourth quarter telephone EBITDA margin was 55.8% while the operating income margin was 34.0%.

Other Operations revenues grew 45.0% to \$66.5 million during fourth quarter 2002, compared with \$45.8 million in fourth quarter 2001. CenturyTel's long distance revenues increased \$10.5 million, or 34.7%, to \$40.7 million. CenturyTel now serves 648,800 long distance customers. Internet revenues increased 44.1% to \$16.4 million in fourth quarter 2002 from \$11.4 million in fourth quarter 2001. The Internet business generated operating cash flow of \$800,000 for the quarter compared to negative operating cash flow of \$1.4 million for the fourth quarter 2001. CenturyTel CLEC revenues increased \$4.2 million, principally as a result of the acquisition of CLEC operations in February 2002.

"The deployment of long distance service to our newly acquired customers in Alabama and Missouri has been very successful as reflected in our 15.9% long distance penetration rate for those properties in less than six months," Post said. "Across all our markets, we added almost 64,000 long distance customers during the quarter, a record number for CenturyTel."

For fourth quarter 2002, in accordance with generally accepted accounting principles (GAAP), the Company reported net income of \$44.3 million, or \$.31 per diluted share, compared to net income of \$63.8 million (as adjusted), or \$.45 per diluted share in fourth quarter 2001. Fourth quarter 2002 reflects a \$39.0 million after-tax charge associated with the redemption on October 15, 2002, of the Company's \$400 million Series I remarketable senior notes. See the accompanying financial information for additional nonrecurring items that affected the periods ending December 31, 2002 and 2001.

For the full year 2002, income from continuing operations, excluding nonrecurring items, increased 40.7% to \$244.9 million from \$174.1 million in 2001 (as adjusted) and diluted earnings per share from continuing operations, excluding nonrecurring items, increased 40.2% to \$1.71 from \$1.22 (as adjusted). Consolidated revenues from continuing operations, excluding nonrecurring items, increased 17.9% to \$1.980 billion from \$1.680 billion while EBITDA, excluding non-recurring items, was \$1.012 billion compared to \$840.4 million a year ago, a 20.4% increase. Diluted earnings per share, excluding non-recurring items, was \$2.27 for 2002 compared to \$1.98 for 2001 (as adjusted). Included in the \$2.27 for 2002 is a contribution of

approximately \$.08 related to the discontinuation of wireless depreciation due to the accounting treatment of the Company's wireless business as discontinued operations effective March 19, 2002.

For the year 2002, prepared in accordance with GAAP, the Company reported net income of \$801.6 million, or \$5.61 per diluted share, compared to net income of \$399.3 million, or \$2.81 per diluted share for the year 2001 (as adjusted).

Guidance for 2003. Giving effect to a full year's operations of the Verizon properties, anticipated increases in pension expense and pre- and post-retirement medical costs, and anticipated amortization expense and operating costs as we convert to our new billing and customer care system, CenturyTel expects diluted earnings per share to be in the range of \$2.05 to \$2.15 for the full year 2003. This compares to diluted earnings per share from continuing operations (which excludes our discontinued wireless operations) for the full year 2002 of \$1.71 per share.

For first quarter 2003, CenturyTel expects total revenues of \$568 million to \$583 million, operating cash flow of \$285 million to \$295 million, and diluted earnings per share of \$.49 to \$.53. All these figures exclude nonrecurring items.

In addition to historical information, this release includes forward-looking statements, estimates and projections that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond the control of CenturyTel. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the Company's ability to effectively manage its growth, including successfully integrating newly acquired businesses into its operations, hiring adequate numbers of qualified staff and successfully upgrading its billing and other information systems; the inherent risk of rapid technological change; the effects of on-going changes in the regulation of the Company or the communications industry generally; the effects of greater than anticipated competition in the Company's markets; possible changes in the demand for, or pricing of, the Company's products and services; the Company's ability to successfully introduce new offerings on a timely and cost-effective basis; higher than anticipated interest rates; the Company's ability to collect its receivables from financially troubled communications companies; and the effects of more general factors such as changes in overall market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. The information contained in this release is as of January 30, 2003. The Company undertakes no obligation to update or revise any of this information whether as a result of new information, future events or developments, or otherwise.

CenturyTel's management will host a conference call at 10:30 A.M. Central time today. Interested parties can access the call by dialing 800.729.6845 and the call will be accessible for replay by calling 800.642.1687 and entering the conference-id number: 7493017. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Company's Web site at www.centurytel.com

CenturyTel, Inc. provides communications services including local, long distance, Internet access and data services to more than 3 million customers in 22 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL, and is included in the S&P 500 Index. CenturyTel is the 8th largest local exchange telephone company, based on access lines, in the United States. Visit CenturyTel's corporate Web site at www.centurytel.com.

CenturyTel, Inc. CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001 (UNAUDITED)

		Three mon	ths ended December	r 31, 2002	Three mon	ths ended December	-31 2001		
			Less non-	As adjusted excluding non-	Tinee mon	Less non-	As adjusted excluding non-	Increase	Increase (decrease) excluding
In thousands, except per share amounts	****	As reported	recurring items	recurring items	As reported	recurring items	recurring items	(decrease) as reported	nonrecurring items
TELEPHONE OPERATIONS							, , , , , , , , , , , , , , , , , , ,		100000
Operating revenues									
Local service	\$	186,248	_	186,248	124,246		124,246	49.9%	49.9%
Network access		285,978	-	285,978	228,589	_	228,589	25.1%	25.1%
Other		47,201	-	47,201	36,018	-	36,018	31.0%	31.0%
		519,427	*	519,427	388,853	-	388,853	33.6%	33.6%
Operating expenses									
Plant operations		127,957	-	127,957	94,486	-	94,486	35.4%	35.4%
Customer operations		45,018	-	45,018	30,861		30,861	45.9%	45.9%
Corporate and other		56,655	-	56,655	46,154	•	46,154	22.8%	22.8%
Depreciation and amortization		112,980		112,980	101,660		101,660	11.1%	11.1%
Trade de la companya del companya de la companya de la companya del companya de la companya de l	-	342,610		342,610	273,161	-	273,161	25.4%	25.4%
Telephone operating income		176,817	-	176,817	115,692		115,692	52.8%	52.8%
OTHER OPERATIONS									
Operating revenues									
Long distance		40,665	_	40,665	30,199		30,199	34.7%	34,7%
Internet		16,402	-	16,402	11,379	_	11,379	44.1%	44.1%
Other		9,385		9,385	4,248		4,248	120.9%	120.9%
		66,452	-	66,452	45,826		45,826	45.0%	45.0%
Operating expenses							10,020	15.070	45.070
Cost of sales and other		49,258	1,929 (1)	47,329	37,870		37,870	30.1%	25.0%
Depreciation and amortization	-	4,901		4,901	2,515		2,515	94.9%	94.9%
		54,159	1,929	52,230	40,385	-	40,385	34.1%	29.3%
Other operating income	-	12,293	(1,929)	14,222	5,441	-	5,441	125.9%	161.4%
Corporate overhead costs									
allocable to discontinued operations		_	_		(5,337)	_	(5,337)	(100.0%)	(100.0%)
					10,0077	-	(3,3311	(100.078)	(100,076)
TOTAL OPERATING INCOME		189,110	(1,929)	191,039	115,796	-	115,796	63.3%	65.0%
OTHER INCOME (EXPENSE)									
Interest expense		(57,019)		(57.010)	(50.004)		.==		
Other income and expense		(63,458)	(60.720) (2)	(57,019)	(52,024)	-	(52,024)	9.6%	9.6%
Income tax expense		(25,398)	(60,730) (2) 21,930 (3)	(2,728) (47,328)	(3,486) (23,629)	(3,000) (4)	(486)	1,720.4%	461.3%
		(23,376)	21,930 (3)	(47,320)	(23.029)	1,050 (5)	(24,679)	7.5%	91.8%
INCOME FROM CONTINUING OPERATIONS		43,235	(40,729)	83,964	36,657	(1,950)	38,607	17.9%	117.5%
DISCONTINUED OPERATIONS, NET OF TAX		1 110		1.110					
DISCONTINUED OF ERATIONS, NET OF TAX	****	1,110	-	1,110	13,106	(8,615) (6)	21,721	(91.5%)	(94.9%)
NET INCOME	\$	44,345	(40,729)	85,074	49,763	(10,565)	60,328	(10.9%)	41.0%
Add: After tax effect of goodwill amortization					14,058	-	14,058	(100.0%)	(100.0%)
NET INCOME, as adjusted	\$	44,345	(40,729)	85,074	63,821	(10,565)	74,386	(30.5%)	14.4%
BASIC EARNINGS PER SHARE									
From continuing operations	æ	0.20	(0.00)						
From continuing operations, as adjusted	\$. \$	0.30	(0.29)	0.59	0.26	(0.01)	0.27	15.4%	118.5%
From discontinued operations	. s	0.30 0.01	(0.29)	0.59	0.34	(0.01)	0.36	(11.8%)	63.9%
From discontinued operations, as adjusted	\$	0.01	-	0.01	0.09	(0.06)	0.15	(88.9%)	(93.3%)
Basic earnings per share	\$	0.01	(0.29)	0.01	0.11	(0.06)	0.17	(90.9%)	(94.1%)
Basic earnings per share, as adjusted	\$	0.31		0.60	0.35	(0.07)	0.43	(11.4%)	39.5%
Same carrings per share, as adjusted	J	0.51	(0.29)	0.60	0.45	(0.07)	0.53	(31.1%)	13.2%
DILUTED EARNINGS PER SHARE									
From continuing operations	\$	0.30	(0.28)	0.59	0.26	(0.01)	0.27	15.4%	118.5%
From continuing operations, as adjusted	\$	0.30	(0.28)	0.59	0.34	(0.01)	0.35	(11.8%)	68.6%
From discontinued operations	\$	10.0	-	0.01	0.09	(0.06)	0.15	(88.9%)	(93.3%)
From discontinued operations, as adjusted	\$	0.01	-	0.01	0.11	(0.06)	0.17	(90.9%)	(94.1%)
Diluted earnings per share	\$	0.31	(0.28)	0.59	0.35	(0.07)	0.42	(11.4%)	40.5%
Diluted earnings per share, as adjusted	\$	0.31	(0.28)	0.59	0.45	(0.07)	0.52	(31.1%)	13.5%
SHARES OUTSTANDING									
Basic		142,465		142.465	140,909		140000		
Diluted		143,380		142,465	140,909		140,909 142,427	1.1%	1.1%
DIVIDITY ING PUR GOLD							174,741	0.7%	0.7%
DIVIDENDS PER COMMON SHARE	\$	0.0525		0.0525	0.0500		0.0500	5.0%	5.0%

- NONRECURRING ITEMS
 (1) Write off costs associated with abandoned project
 (2) Redemption premium on remarketable notes, net of unamortized premium (\$59.9 million), and write-off of nonoperating investment (\$781,000)
 (3) Tax effect of items (1) and (2)
 (4) Costs to defend unsolicited takeover proposal
 (5) Tax effect of item (4)
 (6) Unfavorable nonrecurring charge in cellular partnership in which the Company owned a minority interest, net of tax

CenturyTel, Inc.

CONSOLIDATED STATEMENTS OF INCOME YEAR ENDED DECEMBER 31, 2002 AND 2001 (UNAUDITED)

		Year	ended December 31,	2002	Year	ended December 31, 2	2001		
		As	Less non- recurring	As adjusted excluding non-recurring	As	Less non- recurring	As adjusted excluding non-recurring	Increase (decrease)	Increase (decrease) excluding nonrecurring
In thousands, except per share amounts	_	reported	items	items	reported	items	items	as reported	items
TELEPHONE OPERATIONS									
Operating revenues		CO4 700							
Local service Network access	\$	604,580 972,303	(7,645) (1)	604,580 979,948	491,529	-	491,529	23.0%	23.0%
Other		156,709	(7,043) (1)	156,709	874,458 139,746	-	874,458 139,746	11.2% 12.1%	12.1% 12.1%
		1,733,592	(7,645)	1,741,237	1,505,733		1,505,733	15.1%	15.6%
Operating expenses								101170	15.070
Plant operations		433,187	•	433,187	380,466	2,000 (8)	378,466	13.9%	14.5%
Customer operations		148,502		148,502	117,080	-	117,080	26.8%	26.8%
Corporate and other Depreciation and amortization		211,924	15,000 (2)	196,924	186,483	-	186,483	13.6%	5.6%
Depreciation and amortization		396,866 1,190,479	15,000	396,866 1,175,479	398,284 1,082,313	2,000	398,284	(0.4%)	(0.4%)
Telephone operating income		543,113	(22,645)	565,758	423,420	(2,000)	1,080,313 425,420	10.0% 28.3%	8.8% 33.0%
			14210107		722,720	(2,000)	423,420	20.370	33.076
OTHER OPERATIONS									
Operating revenues									
Long distance		146,536	-	146,536	117,363		117,363	24.9%	24.9%
Internet		58,665	-	58,665	39,057	-	39,057	50.2%	50.2%
Other	. —	33,203 238,404		33,203	17,351		17,351	91.4%	91.4%
Operating expenses	_	230,404		238,404	173,771		173,771	37.2%	37.2%
Cost of sales and other		180,076	1,929 (3)	178,147	142,919		142,919	26.0%	24,6%
Depreciation and amortization	_	14,760		14,760	8,754	-	8,754	68.6%	68.6%
		194,836	1,929	192,907	151,673		151,673	28.5%	27.2%
Other operating income	-	43,568	(1,929)	45,497	22,098		22,098	97.2%	105.9%
Corporate overhead costs									
allocable to discontinued operations	-	(11,275)		(11,275)	(20,213)		(20,213)	(44.2%)	(44.2%)
TOTAL OPERATING INCOME		575,406	(24,574)	599,980	425,305	(2,000)	427,305	35.3%	40.4%
OTHER INCOME (EXPENSE)									
Nonrecurring gains and losses		3,709	3,709 (4)	_	33,043	33,043 (9)	_	(88.8%)	-
Interest expense		(221,845)	-	(221,845)	(225,523)		(225,523)	(1.6%)	(1.6%)
Other income and expense		(63,814)	(63,730) (5)	(84)	31	(6,000) (10)	6,031	(205,951.6%)	(101.4%)
Income tax expense		(103,537)	29,608 (6)	(133,145)	(88,710)	(8,666) (11)	(80,044)	16.7%	66.3%
INCOME FROM CONTINUING OPERATIONS		189,919	(54,987)	244,906	144,146	16,377	127,769	31.8%	91.7%
DISCONTINUED OPERATIONS, NET OF TAX		611,705	531,625 (7)	80,080	198,885	100,993 (12)	97,892	207.6%	(18.2%)
NET INCOME	s	801,624	476,638	324,986	343,031	117,370	225,661	133.7%	44.0%
Add: After tax effect of goodwill amortization					56,266		56,266	(100.0%)	(100,0%)
NET INCOME, as adjusted	\$	801,624	476,638	324,986	399,297	117,370	281,927	100.8%	15.3%
DARIC EADMINICE DED CHADE									
BASIC EARNINGS PER SHARE From continuing operations	s	1.34	(0.39)	1.73	1.02	0.10			
From continuing operations, as adjusted	\$	1,34	(0.39)	1.73	1.02	0.12 0.12	0.90 1.23	31.4%	92.2%
From discontinued operations	\$	4.32	3.75	0.57	1.41	0.72	0.70	(0.7%) 206.4%	40.7% (18.6%)
From discontinued operations, as adjusted	\$	4.32	3.75	0.57	1.48	0.72	0.77	191.9%	(26.0%)
Basic carnings per share	S	5.66	3.37	2.29	2.43	0.83	1.60	132.9%	43.1%
Basic earnings per share, as adjusted	\$	5.66	3.37	2.29	2.83	0.83	2.00	100.0%	14.5%
DILUTED EARNINGS PER SHARE									
From continuing operations	s	1.33	(0.38)	1.71	1.01	0.12	. 0.00	21.70	00.007
From continuing operations, as adjusted	\$	1.33	(0.38)	1.71	1.34	0.12	0.90 1.22	31.7% (0.7%)	90.0% 40.2%
From discontinued operations	s	4.28	3.72	0.56	1.40	0.71	0.69	205.7%	40.2% (18.8%)
From discontinued operations, as adjusted	\$	4.28	3.72	0.56	1.47	0.71	0.76	191.2%	(26.3%)
Diluted earnings per share	\$	5.61	3.34	2.27	2.41	0.82	1.59	132.8%	42.8%
Diluted earnings per share, as adjusted	\$	5.61	3.34	2.27	2.81	0.82	1.98	99.6%	14.6%
SHARES OUTSTANDING		(
Basic		141,613		141,613	140,743		140,743	0.6%	0.6%
Diluted		142,879		142,879	142,307		142,307	0.4%	0.4%
DIVIDENDS PER COMMON SHARE	S	0.2100		0.2100	0.2000		0.2000	5.0%	5.0%

- NONRECURRING ITEMS

 (1) Refunds of access charges to interexchange carriers
 (2) Reserve for uncollectible receivables, primarily WorldCom
 (3) Write off costs associated with abandoned project
 (4) Gain on sale of PCS license
 (5) Redemption premium on remarketable notes, net of unamortized premium (\$59.9 million); costs to defend unsolicited takeover proposal (\$3.0 million); and write-off of nonoperating investment (\$781,000)
 (6) Tax effect of items (1) through (5)
 (7) Gain on sale of wireless operations (\$551.4 million after-tax), net of write down of wireless portion of billing system (\$19.8 million after-tax)
 (8) Expenses related to ice storm
 (9) Gain on sale of assets (\$58.5 million), net of write down of nonoperating investments (\$25.5 million)
 (10) Costs to defend unsolicited takeover proposal
 (11) Tax effect of items (8) through (10)
 (12) Gain on sale of PCS licences (\$107.5 million after-tax), net of unfavorable nonrecurring charge in cellular partnership in which the Company owned a minority interest (\$6.5 million after-tax)

CenturyTel, Inc. CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2002 AND DECEMBER 31, 2001 (UNAUDITED)

		DEC. 31, 2002	DEC. 31, 2001
		(in thous	ands)
ASSETS			
CURRENT ASSETS	_		• 404
Cash and cash equivalents	\$	3,661	3,496
Other current assets		292,241	226,417
Total current assets	*****	295,902	229,913
AND CONTROL DE ANIO COLUMN STATE			
PROPERTY, PLANT AND EQUIPMENT		6,145,283	5,292,255
Telephone Other		521,292	446,920
		(3,337,547)	(3,003,033)
Accumulated depreciation Net property, plant and equipment		3,329,028	2,736,142
Net property, plant and equipment	***************************************	3,329,020	2,730,142
INVESTMENTS AND OTHER ASSETS			
Excess cost of net assets acquired		3,629,898	2,087,158
Other		503,775	420,043
Total investments and other assets	***************************************	4,133,673	2,507,201
Total Involution and Other Goods	*******		· · · · · · · · · · · · · · · · · · ·
ASSETS HELD FOR SALE		11,805	845,428
		,	
TOTAL ASSETS	\$	7,770,408	6,318,684
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term debt and current maturities of long-term debt	\$	70,737	1,008,834
Other current liabilities		317,367	230,048
Total current liabilities		388,104	1,238,882
YOMO TERM DEPT		3,578,132	2,087,500
LONG-TERM DEBT DEFERRED CREDITS AND OTHER LIABILITIES		716,168	506,052
LIABILITIES RELATED TO ASSETS HELD FOR SALE		/10,100	148,870
STOCKHOLDERS' EQUITY		3,088,004	2,337,380
STOCKHOLDERS EQUITT		3,000,004	2,337,360
TOTAL LIABILITIES AND EQUITY	\$	7,770,408	6,318,684
TOTAL BRIBIDITIDS AND EQUIT	Ψ==	7,770,100	0,510,007

CAPITAL EXPENDITURES YEAR ENDED DECEMBER 31, 2002 AND 2001

		Year Ended Dece	Increase				
	·	2002	2001	(Decrease)			
		(in thousands)					
CAPITAL EXPENDITURES							
Telephone	\$	319,536	351,010	(9.0%)			
Wireless (discontinued operations)		27,242	71,212	(61.7%)			
Other		66,731	84,505	(21.0%)			
Total capital expenditures	\$	413,509	506,727	(18.4%)			

CAPITAL EXPENDITURES THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

	Т	hree Months Ended l	Increase		
		2002	2001	(Decrease)	
		(in thousands)			
CAPITAL EXPENDITURES					
Telephone	\$	98,209	102,179	(3.9%)	
Wireless (discontinued operations)		-	18,690	(100.0%)	
Other		17,284	1,603	978.2%	
Total capital expenditures	\$	115,493	122,472	(5.7%)	

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Exhibit G

Three Year Pro forma Financial Statements and Capital Expenditures Budget of CenturyTel Fiber Company II, LLC

Exhibit H

Management Names, Addresses and Biographies

CenturyTel Fiber Company II, LLC

Directors:

Glen F. Post, III R. Stewart Ewing, Jr. Harvey P. Perry

Managers/Officers:

Glen F. Post, III Chief Executive Officer

Karen A. Puckett President and Chief Operating Officer

Harvey P. Perry

R. Stewart Ewing, Jr.

David D. Cole

Michael E. Maslowski

Executive Vice President

Executive Vice President

Senior Vice President

Senior Vice President

G. Clay Bailey Vice President and Treasurer Neil A. Sweasy Vice President and Controller

Craig Davis Vice President

Stacey W. Goff Vice President, Assistant General Counsel and

Assistant Secretary

Kay C. Buchart Secretary

The address of the above the directors, managers and officers (except Craig Davis) is:

CenturyTel Fiber Company II, LLC 100 CenturyTel Drive Monroe, LA 71203

The address of Craig Davis is:

CenturyTel Fiber Company II, LLC 401 Edwards Street, Suite 1900 Shreveport, LA 71101

Glen F. Post, III Chief Executive Officer, CTF II

Joined CenturyTel - 1976

Positions held at CenturyTel

- Vice President 1982
- Senior Vice President and Treasurer 1984
- Board of Directors 1985
- Executive Vice President and Chief Operating Officer 1988
- President and Chief Operating Officer 1990
- President, Chief Executive Officer and Vice Chairman of the Board 1992

Education

- Bachelor's degree/accounting
- Master's degree/business administration Louisiana Tech University/Ruston, Louisiana

Current memberships

- Board of Directors North Louisiana/Regions Bank/Monroe, Louisiana
- Board of Trustees/Louisiana Independent College Fund
- Board of Directors/Yelcot Telephone Company
- Louisiana Tech University College of Administration and Business Executive Cabinet
- Board of Directors/Network Telephone
- Board of Directors/Dishnet, Inc.

Past memberships

- Board of Directors/Cellular Telephone Industry Association (CTIA)
- Board of Directors/Monroe Chamber of Commerce
- Board of Directors/Louisiana Tech University Foundation
- Vice Chairman of the Board/Brooks Fiber Properties, Inc.

Awards and honors

- Louisiana Tech University Distinguished Alumni,
 College of Administration and Business 1991
- Louisiana Tech University Tower Medallion Award 1997

Under Glen Post's leadership, CenturyTel, Inc. has more than tripled in size over the past three years. CenturyTel has steadily moved up in industry ranking to become the 8th largest local exchange telephone company, based on access lines, in the United States.

Post has led CenturyTel's efforts to become a leading provider of integrated communications services in rural areas and smaller cities throughout the United States. He has helped position the Company as a leading consolidator in the rural communications segment. Under his leadership as

CEO during the past decade, CenturyTel has successfully completed more than \$4.0 billion in acquisitions.

Post's vision to shape CenturyTel into a premier communications provider is evident in his focus on providing superior customer service by utilizing high-quality networks and superior service delivery platforms in CenturyTel's operations. This has enabled the Company to successfully integrate numerous acquisitions, deliver broadband services to CenturyTel's markets, and position the Company to enter new businesses such as becoming a Competitive Local Exchange Carrier (CLEC) and a provider of wholesale fiber optic transport services.

Karen A. Puckett President and Chief Operating Officer, CTF II

Joined CenturyTel - 2000

Positions held at CenturyTel

Executive Vice President, Chief Operating Officer 2000

Education

- Bachelor's degree Indiana State University/Terre Haute, Indiana
- Master's degree/business administration Bellarmine College/Louisville, Kentucky

As Chief Operating Officer for CenturyTel, Inc., Karen Puckett directs all of the Company's telecommunications operations including sales, marketing, engineering and other support functions.

Puckett is an industry veteran with nearly 20 years communications experience. She recently joined CenturyTel from BroadStream Communications and formerly served as an executive with GTE.

For the past year, Puckett has been one of five executive officers of BroadStream Communications, having served as a Senior Executive and Vice President of Sales and Marketing. BroadStream is a start-up broadband fixed-base wireless company. She has been actively involved in developing and implementing nationwide operations as well as national sales and marketing plans. Puckett has led the development of the business plan, and has established critical billing and customer service systems. She has also participated in raising private equity to help finance the new company.

Prior to joining BroadStream Communications, Puckett was employed by GTE and previously by Contel Corporation. Puckett's career with the two companies spanned from 1982 until 1999. For the last three years of her career with GTE, she served as Area President of GTE's Texas wireless region. Prior to that she served as Area President of GTE's Southeast wireless region for three years. GTE's Texas wireless region under Puckett's direct supervision received the J.D. Power and Associates Award three times.

Harvey P. Perry Executive Vice President, CTF II

Joined CenturyTel - 1984

Positions held at CenturyTel

- General Counsel 1984
- Secretary and General Counsel 1985
- Senior Vice President, Secretary and General Counsel 1986
- Board of Directors 1990
- Executive Vice President and Chief Administrative Officer 1999

Education

- Bachelor's degree/economics
- Juris doctorate
 Louisiana State University/Baton Rouge, Louisiana

Current memberships

- Fourth Judicial District
- Louisiana State Bar Association
- American Bar Association
- American Society of Corporate Secretaries
- Vice Chairman of the Board, Salvation Army
- Board of Directors, North Monroe Hospital

Over the past ten years, Harvey Perry has been involved in the development of CenturyTel, Inc.'s new businesses including cellular, competitive access and those businesses currently included in CenturyTel's business development area.

Perry has played an instrumental role in CenturyTel's growth, acquisition strategy and business development. He is also responsible for the human resources and administrative services functions within CenturyTel as well as the operation of CenturyTel Air.

CenturyTel achieved record earnings for the 16th consecutive year in 1999, with revenues of nearly \$1.7 billion. CenturyTel was also added to the S&P 500 Index during 1999.

R. Stewart Ewing, Jr. Executive Vice President, CTF II

Joined CenturyTel - 1983

Positions held at CenturyTel

- Vice President of Finance 1983
- Vice President and Controller 1984
- Senior Vice President and Chief Financial Officer 1989
- Executive Vice President and Chief Financial Officer 1999

Education

• Bachelor's degree/business Northwestern State University/Natchitoches, Louisiana

Current memberships

- Louisiana Society of Certified Public Accountants (CPAs)
- American Institute of CPAs
- Board of Directors/Northeast Louisiana Children's Museum
- Board of Directors/Progressive Bank
- Senior Warden/St. Alban's Episcopal Church
- Board of Directors/Ouachita Economic Development Corporation

Past memberships

- Board of Directors/National Rural Telephone Association
- Board of Directors and Treasurer/Grace Episcopal School/Monroe, Louisiana
- Treasurer/St. Frederick's High School Athletic Association/Monroe, Louisiana

Stewart Ewing has played a key role in CenturyTel, Inc.'s acquisition strategy by negotiating all stages of purchase agreements from legal and regulatory to folding new companies into CenturyTel's corporate structure and philosophy. His responsibilities include managing CenturyTel's accounting, treasury, corporate development and investor relations functions.

Ewing's extensive experience includes management of CenturyTel's regulatory, information systems and corporate planning areas. He has been a main contributor to CenturyTel's consistent earnings growth over the past several years.

David D. Cole <u>Senior Vice President, CTF II</u>

Joined CenturyTel - 1982

Positions held at CenturyTel

- Director of Regulatory Affairs 1982
- Director of Corporate Planning 1987
- Vice President and Controller 1989
- Vice President Finance and Administration, Wireless Group 1990
- President, Wireless Group 1996
- Senior Vice President, Operations Support 1999

Education

- Bachelor's degree/accounting
- Master's degree/business administration
 Northeast Louisiana University/Monroe, Louisiana

Current memberships

- Board of Directors/Cellular Telecommunications Industry Association (CTIA)
- Louisiana Society of Certified Public Accountants

David Cole is responsible for the operation and management of CenturyTel, Inc.'s operational finance, billing and revenue assurance, government relations, revenues and customer service areas.

During his tenure at CenturyTel, his responsibilities have included overseeing the entire wireless operations including Finance, Marketing, Regional operations, Engineering and partnership relations, customer billing process, negotiating intercarrier roamer agreements and fraud amendments, directing all human resources activities, administering customer application developments for marketing and customer service efforts, directing and coordinating acquisitions, directing all financial and accounting activities for CenturyTel's wireless operations, and developing and maintaining budgeting and planning systems and strategies, and directing CenturyTel's Regulatory Affairs.

Mike Maslowski Senior Vice President, CTF II

Joined CenturyTel - 1999

Education

- Graduate certificate/marketing
 Trenton State University/Trenton, New Jersey
- Also attended University of Illinois and Illinois Institute of Technology

Current memberships

- Knights of Columbus
- Board of Directors for Northeast Louisiana American Red Cross

Mike Maslowski is CenturyTel, Inc.'s first Senior Vice President and Chief Information Officer. He is responsible for all of the Company's information systems activities. He has 30 years of experience working in the telecommunications business with Illinois Bell, AT&T and Lucent Technologies.

Maslowski believes a sharp focus on customer needs, the Company's ability to package its products and services, and an infrastructure which enhances ease of acquisition are three critical success factors for information systems at CenturyTel. His major goal for the next three years is to provide the systems capability to provide better service to CenturyTel customers.

G. Clay Bailey Vice President and Treasurer, CTF II

Joined CenturyTel - 1992

Positions held at CenturyTel

- Director Regulatory Afairs, 1996 1997
- Vice President Regulatory Affairs, 1998 1999
- Vice President Government Relations, 1999 2000
- Vice President and Treasurer, 2000

Education

Bachelor's degree/accounting
 University of Louisiana Monroe, Monroe, Louisiana

Current memberships

- Board of Directors Louisiana Telecommunications Association, Vice Chairman
- Louisiana State Society of CPA's
- American Institute of Certified Public Accountants
- Board of Directors Faith Chapel

Bailey is responsible for managing CenturyTel's financing operations, corporate taxes, cash management and risk insurance. During his tenure with the Company, Bailey led CenturyTel's regulatory team at both the state and federal levels during the restructuring era of the Federal Telecommunications Act of 1996. Since joining the finance team, Bailey has been responsible for securing the financing of two major acquisitions for the company as well as establishing several credit facilities.

Neil A. Sweasy Vice President and Controller, CTF II

Joined CenturyTel – 1998

Positions held at CenturyTel

- Staff Accountant Financial Reporting, 1988
- Director Financial Reporting, 1990
- Assistant Controller, 1997
- Vice President and Controller, 1999

Education

• Bachelor of Business Administration Northeast Louisiana University

Current memberships

• American Institute of Certified Public Accountants

Neil Sweasy is responsible for the Company's financial reporting, accounts payable, corporate accounting and financial systems support functions, which includes the external reporting of financial information to the Securities and Exchange Commission, the internal consolidation process and variance analysis reporting to executive management, disbursements processes and provision of support for the Company's financial systems.

Craig Davis <u>Vice President, CTF II</u>

Joined CenturyTel – 1987

Positions held at CenturyTel

- Vice President, CLEC
- Region Vice President, Wireless
- Division Vice President
- Southern Region Vice President

•

Education

• Bachelor of Science, Accounting, West Virginia University.

As Vice President, CLEC, Craig Davis has been involved in the development and launch of CenturyTel's competitive telecommunications business, CenturyTel Solutions. Mr. Davis has worked in the telecommunications industry for 20 years.

Stacey W. Goff Vice President, Asst. General Counsel and Asst. Secretary, CTF II

Joined CenturyTel - 1998

Positions held at CenturyTel

- Director Corporate Legal, 1998
- Vice President, Assistant General Counsel and Assistant Secretary, 2000

Education

- Bachelor's of Science
- Juris doctor University of Mississippi

Current memberships

- Fourth Judicial District
- Louisiana State Bar Association
- American Bar Association
- American Society of Corporate Secretaries
- Board of Directors Dishnet

Kay C. Buchart Secretary, CTF II

Joined CenturyTel - 1988

Positions held at CenturyTel

- Executive Secretary, 1988
- Subsidiary Secretary, 1997

Education

 Bachelor of Arts Northeast Louisiana University, Monroe, Louisiana

Joined CenturyTel in the Legal Department in 1988 as secretary to the Executive Vice President, General Counsel & Corporate Secretary. Promoted to Subsidiary Secretary and Recording Secretary to the Board of Directors in 1997.

Exhibit I

Notice to Customers

UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF MISSOURI EASTERN DIVISION

In the Matter Of:)
) CASE NUMBER 01-54369-399
DIGITAL TELEPORT, INC., et al.)
) IN PROCEEDINGS UNDER CHAPTER 1
Debtors.)

NOTICE OF PROPOSED ASSUMPTION AND ASSIGNMENT OF CONTRACT OR LEASE AND PROPOSED CURE AMOUNT, IF ANY

Digital Teleport, Inc. ("DTI") proposes to sell substantially all of its business assets to CenturyTel Fiber Company, II ("CenturyTel Fiber") or such higher and better bidder as the above-referenced Bankruptcy Court may approve after an auction ("Prevailing Rival Bidder"). In connection with that sale, CenturyTel Fiber has requested that certain contracts and leases to which DTI is a party be assumed and assigned to CenturyTel Fiber by DTI pursuant to Sections 365 and 363 of the United States Bankruptcy Code.

CenturyTel Fiber or any Prevailing Rival Bidder would acquire the business of DTI, which had revenues in excess of \$21.4 million for 2002 and assets with a book value in excess of \$62.9 million as of December 31, 2002. CenturyTel Fiber has made arrangement to retain key members of DTI's management and employee base to, among other things, maintain relationships with counterparties to DTI's contracts and leases and perform thereunder. DTI and CenturyTel Fiber believe that this provides sufficient evidence of adequate assurance of future performance by CenturyTel Fiber to you. CenturyTel Fiber's parent corporation, CenturyTel, Inc., www.centurytel.com; will assist DTI with operational matters, but is not guaranteeing CenturyTel Fiber's future performance under assigned contracts or leases. CenturyTel, Inc. has operations in 22 states, over 7,000 employees and, excluding its recently disposed wireless business, had revenues in excess of \$1.67 billion for 2001 and revenues of \$1.38 billion for the first nine months of 2002. Further information regarding CenturyTel Fiber and its affiliates is available upon request to Stacey W. Goff at (318)-388-9500.

Unless otherwise specifically listed on the attached exhibit, DTI asserts that there are no existing defaults under the contract or lease to which you are counterparty, that such contact or lease is in full force and effect and that no cure or damages payment of any nature is due to you as part of the assumption and assignment of such contract or lease under Sections 365 and 363 of the Bankruptcy Code. If you (i) assert a cure or damages amount is due to you or dispute any of the other statements in the prior sentence or the exhibit, or (ii) object to CenturyTel Fiber's ability to perform under the applicable contract or lease, the Bankruptcy Court has entered an order providing that any such objection must be in writing and must be served upon both of the following counsel for DTI so as to be RECEIVED no later than 4 p.m. on February 6, 2003.

Daniel Davis
Digital Teleport, Inc.
14567 N. Outer Forty Road
Suite 500
Chesterfield, Missouri 63017
Telephone (314) 880-1000
Facsimile (314) 880-1554

Email: dan.davis@digitalteleport.com

Robert Richards Sonnenschein Nath & Rosenthal 8000 Sears Tower 233 South Wacker Drive Chicago, Illinois 60606 Telephone (312) 876-8000 Facsimile (312) 876-7934

Email: Rrichards@sonnenschein.com

If a Prevailing Rival Bidder is recommended by DTI following the auction, you will receive notice of the identity of that bidder and information regarding that bidder ability to perform by email, phone, facsimile or overnight courier by February 11, 2003. You will then have until noon on February 13, 2003, to request in writing further information or to object in writing to the proposed Prevailing Rival Bidder as assignee by serving both of the above referenced counsels for DTI. THIS WILL NOT BE A SECOND CHANCE TO OBJECT TO THE CURE AMOUNT OR ANY OTHER MATTER (OTHER THAN THE PREVAILING RIVAL BIDDER'S ABILITY TO PERFORM), FOR WHICH THE DEADLINE IS FEBRUARY 6, 2003 REGARDLESS OF WHO THE ASSIGNEE IS.

DIGITAL TELEPORT, INC. By: Robert E. Richards One of its Counsels

Exhibit To Notice

Name and Address of Counterparty to Contract or Lease:
Identification of Contract(s) or Lease(s) to be Assigned (including any amendments thereto):
Unless specifically noted below, DTI will seek a finding that there are no defaults under the applicable contract or lease and that no cure or damage amounts are owed to you.
NONE

BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

JOINT PETITION OF	1)
DIGITAL TELEPORT, INC.)
AND) Docket No.
CENTURYTEL FIBER COMPANY II, LLC	
FOR APPROVAL OF THE ASSIGNMENT OF)
ASSETS AND AUTHORIZATION TO)
PROVIDE TELECOMMUNICATIONS)
SERVICE)
	,

NOTICE OF JOINT PETITION FOR APPROVAL OF ASSIGNMENT OF ASSETS AND AUTHORIZATION TO PROVIDE TELECOMMUNICATIONS SERVICE

Pursuant to TRA Rule 1220-4-8-.05, Digital Teleport, Inc. ("DTI") and Century-Tel Fiber Company II, LLC ("CTF II") hereby serve notice of their filing with the Tennessee Regulatory Authority ("TRA") a Petition for approval of the assignment of certain assets including a certificate of authority of public convenience and necessity to provide competing local telecommunications services in Tennessee⁹ from DTI to CTF II, on this day of April, 2003. Copies of the Petition are available from the TRA as well as from the office of D. Billye Sanders, Esq., 511 Union Street, Suite 2100, Nashville, Tennessee 37219.

> D. Billya Sanders D. Billye Sanders, Esq.

WALLER LANSDEN DORTCH & DAVIS

A Professional Limited Liability Company

511 Union Street, Suite 2100

Nashville, TN 37219

(615) 244-6380

Counsel for the Joint Petitioners

⁹ Except as may be allowed by state and federal law, CTF II will not offer services in areas currently served by an incumbent local exchange carrier with fewer than 100,000 access lines, as described in T.C.A. § 65-4-201 (d).

CERTIFICATE OF SERVICE

I hereby certify that on this <u>8</u> day of April, 2003, the attached Notice of Petition for Approval of the Assignment of Assets and Authorization to Provide Telecommunications Services within the State of Tennessee was served by first class mail on the attached list of telecommunications providers and the Consumer Advocate and Protection Division of the Office of the Attorney General of the State of Tennessee.

D. Billye Sanders, Esq.

INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS <u>CERTIFICATED IN TENNESSEE</u>

(FACILITIES-BASED)

1) ARDMORE TELEPHONE COMPANY, INC.

P.O. Box 549 517 Ardmore Avenue Ardmore, TN 38449 (205) 423-2131 (205) 423-2208 (Fax)

2) BELLSOUTH

333 Commerce Street Nashville, TN 37201-3300 (615) 214-3800 (615) 214-8820 (Fax)

3) <u>CENTURY TELEPHONE OF ADAMSVILLE</u>

P.O. Box 405 116 N. Oak Street Adamsville, TN 38310 (901) 632-3311 (901) 632-0232 (Fax)

4) <u>CENTURY TELEPHONE OF CLAIBORNE</u>

P.O. Box 100 507 Main Street New Tazewell, TN 37825 (423) 626-4242 (423) 626-5224 (Fax)

5) <u>Century Telephone of Ooltewah-Collegedale, Inc.</u>

P.O. Box 782 5616 Main Street Ooltewah, TN 37363 (423) 238-4102 (423) 238-5699 (Fax)

6) <u>CITIZENS COMMUNICATIONS COMPANY OF TENNESSEE</u>

P.O. Box 770 300 Bland Street Bluefield, WV 24701

7) FRONTIER COMMUNICATIONS OF AMERICA

250 South Franklin Street P.O. Box 689 Cookeville, Tennessee 38501 (931) 528-0518 (931) 528-0604 (Fax)

INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS <u>CERTIFICATED IN TENNESSEE</u> (FACILITIES-BASED)

8) LORETTO TELEPHONE COMPANY, INC.

P.O. Box 130 Loretto, TN 38469 (931) 853-4351 (931) 853-4329 (Fax)

9) <u>MILLINGTON TELEPHONE COMPANY, INC.</u>

4880 Navy Road Millington, TN 38053 (901) 872-3311 (901) 873-0022 (Fax)

10) SPRINT-UNITED

12 Sixth Street Bristol, TN 37620 (423) 968-8161 (423) 968-3148 (fax)

11) TDS TELECOM-CONCORD TELEPHONE EXCHANGE, INC.

P.O. Box 22610 701 Concord Road Knoxville, TN 37933-0610 (423) 966-5828 (423) 966-9000 (Fax)

12) TDS TELECOM-HUMPHREYS COUNTY TELEPHONE COMPANY

P.O. Box 552 203 Long Street New Johnsonville, TN 37134-0552 (931) 535-2200 (931) 535-3309 (Fax)

13) TDS TELECOM-TELLICO TELEPHONE COMPANY, INC.

P.O. Box 9 102 Spence Street Tellico Plains, TN 37385-0009 (423) 671-4600 (423) 253-7080 (Fax)

INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS <u>CERTIFICATED IN TENNESSEE</u>

(FACILITIES-BASED)

14) TDS TELECOM-TENNESSEE TELEPHONE COMPANY

P.O. Box 18139 Knoxville, TN 37928-2139 (423) 922-3535 (423) 922-9515 (Fax)

15) TEC-CROCKETT TELEPHONE COMPANY, INC.

P.O. Box 7 Friendship, TN 38034 (901) 677-8181

16) TEC-PEOPLE'S TELEPHONE COMPANY, INC.

P.O. Box 310 Erin, TN 37061 (931) 289-4221 (931) 289-4220 (Fax)

17) TEC-WEST TENNESSEE TELEPHONE COMPANY, INC.

P.O. Box 10 244 E. Main Street Bradford, TN 38316 (901) 742-2211 (901) 742-2212 (Fax)

18) <u>United Telephone Company</u>

P.O. Box 38 120 Taylor Street Chapel Hill, TN 37034 (931) 364-2289 (931) 364-7202 (Fax)

19) CONSUMER ADVOCATE AND PROTECTION DIVISION

Russell Perkins, Esq.
Office of Consumer Advocate and Protection Division
Tennessee Attorney General & Reporter
425 Fifth Avenue North
Nashville, Tennessee 37202-0207

Verifications

VERIFICATION

STATE OF MISSOURI)	
)	SS
COUNTY OF ST. LOUIS)	

I, Daniel Davis, being duly sworn, depose and state that I am an authorized representative of Digital Teleport, Inc. ("DTI"), the Petitioner in the subject proceeding; that I am authorized to make this Verification on behalf of DTI; that I have read the foregoing Petition and exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.

Daniel Davis

Senior Vice President and General Counsel Digital Teleport, Inc.

Subscribed and sworn to before me this 4 day of APRI, 2003.

Notary Public

My Commission Expires: Aus 7, 2006



RICK KELLEY
St. Charles County

11 Commission Expires

VERIFICATION

STATE OF LOUISIANA)) ss
PARISH OF OUACHITA
I, Stacey W. Goff, being duly sworn, depose and state that I am an authorized
representative of CenturyTel Fiber Company II, LLC ("CTF II"), the Petitioner in the subject
proceeding; that I am authorized to make this Verification on behalf of CTF II; that I have read
the foregoing Petition and exhibits and know the content thereof; that the same are true and
correct to the best of my knowledge, information and belief.
Stacey W. Goff Vice President and Asst. General Counsel
CenturyTel Fiber Company II, LLC
Subscribed and sworn to before me this 3rd day of April , 2003.
MC LWA Notary Public
My Commission Expires: Death